VOLUME II.

# UNITED STATES CIRCUIT COURT OF APPEALS FOR THE FIRST CIRCUIT.

OCTOBER TERM, 1916.

No. 1265.

**SUMNER DRESSER, Administrator,**

DEFENDANT, APPELLANT,

*v.*

**JOHN L. BATES, Receiver,**

PLAINTIFF, APPELLEE.

No. 1266.

**George W. Gale Et Al. *v.* Same.**

No. 1267.

**Clarence Alfred Bunker Et Al., Administrators, *v.* Same,**

APPEALS FROM THE DISTRICT COURT OF THE UNITED STATES FOR THE DISTRICT OF MASSACHUSETTS, FROM FINAL DECREE (BINGHAM, J.), FEBRUARY 1, 1916.

# TRANSCRIPT OF RECORD.
## VOLUME II.

TESTIMONY BEFORE MASTER, PART 2.

ROBERT M. MORSE,
PAUL DUDLEY DEAN,
JOHN B. SULLIVAN, JR.,
CLARENCE ALFRED BUNKER,
*for Appellants.*

FRANK N. NAY,
BATES, NAY, ABBOTT & DANE,
*for Appellee.*

BOSTON:
PRINTED UNDER DIRECTION OF THE CLERK.
1916.

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TESTIMONY OF GEORGE W. COLEMAN (CONTINUED).

*Cross Examination.*

×-*Q.* 1686 (*by* Mr. MORSE). You were first employed as messenger in the bank in 1903? *A.* Yes, sir.

×-*Q.* 1687. In what month? *A.* In September, I believe.

×-*Q.* 1688. And remained as messenger for how long? *A.* Until the first of the year 1904.

×-*Q.* 1689. What were your duties as messenger? *A.* Running errands, sorting checks, taking care of the mail, that is, going back and forth to the post office, filing away all checks and drafts, filing away letters and assisting in any way that I was asked to.

×-*Q.* 1690. Who personally employed you? *A.* Mr. Earl.

×-*Q.* 1691. Did you apply to him, or how did it come about? *A.* I think the National City Bank applied through the Burdett Business College.

×-*Q.* 1692. Well, how did you learn of it? *A.* And I was sent there.

×-*Q.* 1693. Were you at that time attending that college? *A.* I had graduated the spring before.

×-*Q.* 1694. How long had you been a student there? *A.* One year.

×-*Q.* 1695. And what had you studied in that college? *A.* I took up accounting, commercial law and banking.

×-*Q.* 1696. Had you become familiar with the ordinary methods of bookkeeping? *A.* I had.

×-*Q.* 1697. And you considered yourself a competent bookkeeper at that time, did you? *A.* Yes, sir.

×-*Q.* 1698. And you applied to Mr. Earl then, and did he make inquiry of you, or of your father, in regard to your residence and habits and so on? *A.* He asked me my name, and where I lived, and he said he would let me know the first of the next week.

×-*Q.* 1699. You lived in Cambridge? *A.* Yes, sir.

×-*Q.* 1700. Your father lived there? *A.* Yes, sir.

×-*Q.* 1701. And your mother? *A.* Yes, sir.

×-*Q.* 1702. What other children were there? *A.* I have five brothers and one sister.

×-*Q.* 1703. Were they younger or older than you were? *A.* The sister is older, the brothers younger.

×-*Q.* 1704. Were the brothers attending school there? *A.* Yes, sir.

×-*Q.* 1705. What was your father's occupation? *A.* Coal and wood business.

×-*Q.* 1706. Did your father go to see Mr. Earl? *A.* Not to my knowledge.

×-*Q.* 1707. Well, you say Mr. Earl told you that he would let you know the next day? *A.* The first of the next week.

×-*Q.* 1708. The first of the next week? *A.* Yes, sir.

×-*Q.* 1709. And you went back there again? *A.* I was sent for.

×-*Q.* 1710. By him? *A.* Yes, sir, I presume by him; I don't know.

×-*Q.* 1711. What did he tell you? *A.* He told me that I could come to work.

×-*Q.* 1712. Did he tell you that he had inquired about you or about your family? *A.* No, sir.

×-*Q.* 1713. You assumed that he had, however? *A.* I assumed so; yes, sir.

×-*Q.* 1714. Your father was a man of good position there, was he not? *A.* Considered so.

×-*Q.* 1715. And your family, I assume, was an entirely respectable family? *A.* Yes, sir.

×-*Q.* 1716. Then you came to work, and remained as messenger. A part of your work was to carry money into town, was it not, or to bring money out? *A.* Yes, sir.

×-*Q.* 1717. To do both? *A.* Yes, sir.

×-*Q.* 1718. And in what form did you carry the money? *A.* In currency and checks.

×-*Q.* 1719. And how did you carry it? *A.* In a bag.

×-*Q.* 1720. How large amounts at a time? *A.* Anywhere from three or four thousand to twenty-five or thirty.

×-*Q.* 1721. Yes, and did you have to do with the counting of the money before it was put into the bag, or did you have any means of telling as to the correctness of the count? *A.* No, sir.

×-*Q.* 1722. It was simply that a bundle was handed to you, or a package in a bag? *A.* Yes, sir.

×-*Q.* 1723. You had nothing to do with putting it in the bag? *A.* No, sir.

×-*Q.* 1724. Was the bag locked, or not? *A.* It was not.

×-*Q.* 1725. Who gave you the packages? *A.* Why, either the teller or Mr. Earl, or perhaps a bookkeeper.

×-*Q.* 1726. Were there separate packages for currency and for specie? *A.* Yes, sir.

×-*Q.* 1727. In the same bag? *A.* Yes, sir.

×-*Q.* 1728. What were these transactions? You were taking the money to what point, and taking it from what point? *A.* I was taking the money from the National City Bank to the National Shawmut Bank of Boston.

×-*Q.* 1729. And you delivered it to whom at the Shawmut Bank? *A.* The teller of the Shawmut Bank.

×-*Q.* 1730. Were these packages which were in the bag in bags, or in what form were they? *A.* The currency, or the silver, I should say, was in bags, ordinary canvas money bags.

×-*Q.* 1731. How large a bag? *A.* They come different sizes, according to the amount of money you put in the bag, or the denomination.

×-*Q.* 1732. An ordinary canvas bag? *A.* An ordinary canvas money bag.

×-*Q.* 1733. And you had a number of those at the bank, did you? *A.* Yes, sir.

×-*Q.* 1734. Those had no fastening of any sort, had they? *A.* Yes, sir.

×-*Q.* 1735. What was it? *A.* Fastened with strings and sealed.

×-*Q.* 1736. Those were sealed, were they? *A.* Yes, sir.

×-*Q.* 1737. How was it about the bags containing the currency? *A.* They were all done up and sealed.

×-*Q.* 1738. How were they done up? *A.* They were done up in ordinary wrapping paper.

×-*Q.* 1739. And you mean that the package done up in wrapping paper had seals upon it? *A.* Yes, sir.

Mr. NAY. Will you ask him if he was supposed to deliver those with the seals unbroken?

The WITNESS. Yes, sir.

×-*Q.* 1740. And that was what you did, wasn't it? *A.* Yes, sir.

×-*Q.* 1741. What was the largest amount that you had ever carried at any one time? *A.* I couldn't say.

×-*Q.* 1742. Did you know at the time? *A.* Yes, sir.

×-*Q.* 1743. How did you know that? *A.* I always had a deposit ticket.

×-*Q.* 1744. So that every time you took one of these bags you knew just what you were carrying? *A.* Yes, sir.

×-*Q.* 1745. So much specie and so much currency? *A.* Yes, sir.

×-*Q.* 1746. Can't you state approximately what was the largest amount you ever carried? *A.* Why, I should say 20,000, perhaps 25,000. It might be several thousand either way.

×-*Q.* 1747. How often did you go on these errands? *A.* Sometimes every day, sometimes twice a week and sometimes not at all during the week.

×-*Q.* 1748. That continued during the time you were messenger? *A.* Yes, sir.

×-*Q.* 1749. I assume that you never took to yourself any of that money? *A.* No, sir.

×-*Q.* 1750. You always delivered that intact to the bank where you were bound to deliver it? *A.* Yes, sir.

×-*Q.* 1751. And you did all that promptly? *A.* Yes, sir.

×-*Q.* 1752. So far as you know, did you fail in any duty that belonged to you as messenger during those four months? *A.* No, sir.

×-*Q.* 1753. Did you come in contact with any of the officers of the bank besides Mr. Earl? *A.* I met them all.

×-*Q.* 1754. And they knew you personally, I assume? *A.* I couldn't say as to that.

×-*Q.* 1755. Well, they saw you about the bank? *A.* They did.

×-*Q.* 1756. And Mr. Edwin Dresser, the president, saw you quite frequently, I assume? *A.* Yes, sir.

×-*Q.* 1757. How often did the directors meet there? *A.* Once a week.

×-*Q.* 1758. Did you see them at any other times? *A.* Saw some of them.

×-*Q.* 1759. At the end of the four months who suggested your promotion to bookkeeper? *A.* I couldn't say.

×-*Q.* 1760. How did it come about? *A.* I believe Mr. Frank Cone was bookkeeper when I entered the bank. He went back to City Hall to work. I believe he was employed in the Water Department and on account of a change in politics out there he was thrown out the year before, and then they rechanged and they reappointed him again, and when Mr. Cone left they put me in as bookkeeper.

×-*Q.* 1761. Who did it? *A.* Why, Mr. Earl told me I could try it.

×-*Q.* 1762. Had you before that time observed the method in which the bookkeeper's accounts were kept? *A.* I had seen it; yes, sir.

×-*Q.* 1763. And looked them over sufficiently to be familiar with them? *A.* Well, not in the bank; no, sir.

×-*Q.* 1764. When first did you begin to keep the depositors' book, this ledger account? *A.* Some time the first part of January; the exact date I couldn't say.

×-*Q.* 1765. 1904? *A.* 1904.

×-*Q.* 1766. Did you as bookkeeper have occasion to write upon any book except this depositors' ledger? *A.* Yes, sir.

×-*Q.* 1767. What other book? *A.* Pass books.

×-*Q.* 1768. Well, I meant any book kept in the bank? *A.* I think not at that time.

×-*Q.* 1769. What other books of account were kept in the bank besides the depositors' ledger? *A.* Cash book, discount book, the book of records, stock book.

×-*Q.* 1770. And did you have occasion to write upon any of

those books? *A.* I may have written on them at times when Mr. Earl was not at the bank.

×-*Q.* 1771. But it was not a part of your regular duty to keep those books, or any of them, was it? *A.* No, sir.

×-*Q.* 1772. They were kept by the cashier. *A.* Yes, sir.

×-*Q.* 1773. And were in his room usually? *A.* Well, they were all in the same room.

×-*Q.* 1774. He didn't have a desk in any room then separately from yours? *A.* No, sir.

×-*Q.* 1775. The pass books, the depositors' pass books, you occasionally made entries in, did you? *A.* Yes, sir.

×-*Q.* 1776. But ordinarily it was the teller's business, wasn't it? *A.* Yes, sir.

×-*Q.* 1777. And what would be the occasion on which you would make entries in the pass books? *A.* Why, a customer may have failed to bring his pass book and the next time he came in the teller might have been busy and hand me over the pass book and ask me to make it up. Or at the end of the month I might find a deposit that had been left off and enter it, and write in the balance, balance the book in the regular way.

×-*Q.* 1778. When you began work there as bookkeeper, I assume you intended to keep accurate and honest accounts, did you not? *A.* I surely did.

×-*Q.* 1779. And you intended that your employers should at all times believe you were honest? *A.* Surely.

×-*Q.* 1780. When did you first steal money from the bank? *A.* As near as I can remember, it was in 1907.

×-*Q.* 1781. What was that occasion? *A.* I believe that was in connection with a faro bank in New York.

×-*Q.* 1782. Well, I didn't mean — well, that is a fair answer. What was the date? *A.* I could not say.

×-*Q.* 1783. What was the amount that you took? *A.* $2,000.

×-*Q.* 1784. Is that the 2,000 that you testified to yesterday? *A.* Well, I had neglected that. That was taken in 1906, I believe, that 2,000.

×-*Q.* 1785. You were wrong about that, were you? *A.* I was wrong about that first.

×-*Q.* 1786. The date was 1907 and not 1906? *A.* No; the first I ever took in the bank was $2,000 in 1906.

Mr. PILLSBURY. Well, as you described yesterday?

The WITNESS. I described it yesterday. I put it back the next morning.

×-*Q.* 1787. That is the one that you referred to yesterday? *A.* Yes, sir.

×-*Q.* 1788. But I thought you told me just now it was in 1907. A. Well, I had forgotten that it was 1906.

×-*Q.* 1789. It was 1906? *A.* Yes, sir.

×-*Q.* 1790. What time in 1906? *A.* I remember now it was May 24.

×-*Q.* 1791. That was the day that you took the money? *A.* May 24.

×-*Q.* 1792. And when was it that you returned it? *A.* The morning of May 25.

×-*Q.* 1793. So that the bank was out of that money only one night? *A.* Yes, sir.

×-*Q.* 1794. And between business hours, too? *A.* Yes, sir.

×-*Q.* 1795. You took it after business hours, as I understand it? A. Yes, sir.

×-*Q.* 1796. And you returned it at the opening of the bank, at last, in the morning? *A.* Yes, sir.

×-*Q.* 1797. Did you make any entry, or false entry, on your book at that time? *A.* No, sir.

×-*Q.* 1798. There was nothing whatever on the books to refer to it? *A.* No, sir.

×-*Q.* 1799. That was the first money you had ever taken improperly from the bank? *A.* Yes, sir.

×-*Q.* 1800. Let me ask you at this point in regard to some special matters. Do you know anything about Mr. Fillmore's box in the vault? Did you ever hear of a box that Mr. Fillmore claimed to have left in the vault? *A.* Yes, sir.

×-*Q.* 1801. Did you take that box? *A.* I did not.

×-*Q.* 1802. Do you know anything about it? *A.* I do not.

×-*Q.* 1803. Or as to what became of it? *A.* No, sir.

×-*Q.* 1804. You knew that he was inquiring of Mr. Earl for a box? *A.* Yes, sir.

×-*Q.* 1805. And that search was being made in the vault for it? *A.* Yes, sir.

×-*Q.* 1806. And very diligent search, was there not? *A.* Yes, sir.

×-*Q.* 1807. The box that he claimed to have left was not found, was it? *A.* It was not, to my knowledge.

×-*Q.* 1808. But you don't know anything about it? *A.* No, sir.

×-*Q.* 1809. Had you any knowledge of the deposit when it was made? *A.* I believe he said that was made some six or seven years before I went into the bank.

×-*Q.* 1810. Exactly. And, so far as you are concerned, you are entirely ignorant of the whole matter? *A.* I never saw the box while I was there.

×-*Q.* 1811. Had you owned an automobile before the time in May, 1906, when you took this money? *A.* Did I own an automobile?

×-*Q.* 1812. Had you owned an automobile before that date? *A.* No, sir.

×-*Q.* 1813. When did you first own one? *A.* I should say 1908. I may be mistaken. It may be 1907. I couldn't say. Either 1907 or 1908.

×-*Q.* 1814. How long did it take you to become entirely familiar with the method of keeping this depositors' ledger? *A.* I knew the method when I entered the bank.

×-*Q.* 1815. When you entered the bank? *A.* Yes, sir.

×-*Q.* 1816. And you are very quick at making figures, are you not? *A.* Why, they say I am fairly quick.

×-*Q.* 1817. Well, you would say that yourself, wouldn't you? *A.* Well, figures come easy to me; yes, sir.

×-*Q.* 1818 Yes; and you write easily, don't you? *A.* Well, some people complain about my writing, but I can always read it fairly well.

×-*Q.* 1819. Are you a fluent writer? *A.* Quite so.

×-*Q.* 1820. Write rapidly? *A.* Yes, sir.

×-*Q.* 1821. You had no difficulty in keeping this book? *A.* No, sir.

×-*Q.* 1822. And you had no difficulty in keeping it accurately, had you? *A.* No, sir.

×-*Q.* 1823. Did you follow the same system which the previous bookkeeper had used, or did you make any changes in it? *A.* I made a change in it.

×-*Q.* 1824. What change did you make? *A.* I changed from the old Boston ledger to the Rand system.

×-*Q.* 1825. Please explain that in detail. What was the old Boston system? *A.* The old Boston system was a book that weighed, I should think, about a hundred pounds, and had enough pages to last a year; the lines were very fine; the writing was fine; I don't remember whether the names appeared more than once to a week or not; there was no centre crease in the paper; you had to fold every leaf over, and use pins and one thing and another in order to change from one page to another.

×-*Q.* 1826. That was the system that had been in use in the bank? *A.* Yes. sir.

×-*Q.* 1827. Do you know for how long? *A.* I do not.

×-*Q.* 1828. You became familiar with that system, did you? *A.* Yes, sir.

×-*Q.* 1829. And when you came in as bookkeeper you changed that? *A.* Soon after; not directly.

×-*Q.* 1830. And did you change it after a consultation with Mr. Earl, and with his approval? *A.* Yes, sir.

×-*Q.* 1831. How did you know what system and method to adopt? *A.* I had seen the Rand books before.

×-*Q.* 1832. Where had you seen them? *A.* At the business college.

×-*Q.* 1833. And is this book ruled and arranged in accordance with that system? *A.* Why, every bank has some little special thing that they want on the book, and they will put it up as you want it, and as you order it — made up for six months at a time.

×-*Q.* 1834. And has that style of book been changed at any time during the time of your being employed as bookkeeper? *A.* Why, no; the style of the book is practically the same.

×-*Q.* 1835. Who directed the printing of those books? *A.* Mr. Earl, I believe.

×-*Q.* 1836. And did you tell him how to arrange it, or advise him? *A.* I did.

×-*Q.* 1837. Did you advise him to make the change? *A.* I did.

×.*Q.* 1838. And why? *A.* This was a better system, easier, quicker and less work for the bookkeeper; more simple.

×-*Q.* 1839. Where were those books made? *A.* New York, I believe. [*After examining a book.*] Providence, Rhode Island.

×-*Q.* 1840. By whom? *A.* No; this is manufactured by J. C. Hall, this cover. I couldn't say by whom these were made.

×-*Q.* 1841. Well, who gave the bookmaker the copy from which those books were made? *A.* I believe I furnished Mr. Earl with a copy, and he furnished it to the company.

×-*Q.* 1842. And then as the proofs came in — I suppose there were proofs? *A.* Yes, sir.

×-*Q.* 1843. They were examined by you? *A.* Yes, sir.

×-*Q.* 1844. Then this style of book was really made for the bank and used by the bank at your suggestion and upon your recommendation? *A.* Yes, sir; I should say so.

×-*Q.* 1845. And from the time that those books were first opened down to this time — in 1906 — there was an interval of something more than two years while you were bookkeeper at the bank; that is, you became bookkeeper in January, 1904? *A.* Yes, sir; I believe so.

×-*Q.* 1846. And this instance of the $2,000 taking was in May, 1906? *A.* Yes, sir.

×-*Q.* 1847. There was a period, then, of more than two years, during which you were keeping these books? *A.* Yes, sir.

×-*Q.* 1848. And during which you had opportunity to take money from the bank improperly? *A.* Yes, sir.

×-*Q.* 1849. And you did not do it? *A.* I did not.

×-*Q.* 1850. And you kept accurate accounts on your books? *A.* Yes, sir.

×-*Q.* 1851. And conducted yourself in all respects as an honest bookkeeper? *A.* Yes, sir.

×-*Q.* 1852. You were diligent and attentive to your work, weren't you? *A.* I tried to be.

×-*Q.* 1853. And then when you took that first $2,000, you were so troubled about it that you went to your father and got the money and returned it the next morning? *A.* I did.

×-*Q.* 1854. That was in May, 1906? *A.* Yes, sir.

×-*Q.* 1855. And from that time how long did you keep honest and straight? *A.* Until 1907.

×-*Q.* 1856. That is a period of at least a year. What time in 1907? *A.* I don't say that I could remember the date.

×-*Q.* 1857. That is the book for 1907 before you? *A.* Yes, sir; it is.

Mr. NAY. It is Exhibit 75.

Mr. MORSE. When does that book begin?

Mr. NAY. January 9, 1907.

×-*Q.* 1858. When was the first time in 1907 when you took any money improperly from the bank? *A.* I don't say that I can remember.

×-*Q.* 1859. I beg your pardon. *A.* I don't say that I can remember the date.

×-*Q.* 1860. Well, find it on your book. [*The witness takes his book of memoranda previously referred to.*] No, no, I don't want you to refer to any memorandum now. I want you to find on that book the first improper taking of money? *A.* I don't believe I can find it now, sir.

×-*Q.* 1861. How long will it take you to find it? *A.* Well, I couldn't be sure that it was the first one if I did find it.

×-*Q.* 1862. What? *A.* I couldn't say that it was the first taking if I did find it.

×-*Q.* 1863. I thought you said that your first taking of money was in 1907? *A.* I did.

×-*Q.* 1864. How long a time would it take for you to take that

book, beginning with January, 1907, and find evidence of your first taking of money improperly from the bank? *A.* I probably couldn't find it at all.

×-*Q.* 1865. You could not? *A.* No, sir.

×-*Q.* 1866. You have had these books for a long time? *A.* I have.

×-*Q.* 1867. Under examination, haven't you? *A.* Some time; yes, sir.

×-*Q.* 1868. You have had them up at Greenfield? *A.* Yes, sir.

×-*Q.* 1869. And Mr. Nay and an accountant were there with you? *A.* Yes, sir.

×-*Q.* 1870. For how long? *A.* Several days.

×-*Q.* 1871. I know, but for what period? *A.* I think they arrived on a Tuesday.

×-*Q.* 1872. Well, how many days in all? *A.* And I think they stayed either two days and a half or three days and a half.

×-*Q.* 1873. And during that time you spent a large part of the time, I assume, in going over these books with them? *A.* I did.

×-*Q.* 1874. Then when you were down here before you spent considerable time in an examination of the books, didn't you? *A.* I did.

×-*Q.* 1875. How long a time? *A.* Why, I started to work in the morning fairly early, and came to the hearing, and worked after the hearing until five or half-past five or six o'clock, something like that.

×-*Q.* 1876. Well, will you take that book and look along now from the beginning of the book, and see what is the first evidence of concealment that you find in the book? *A.* The first one?

×-*Q.* 1877. Yes. *A.* I can find?

×-*Q.* 1878. Yes, in that book, without referring to any memoranda. [*It is now 12.51 o'clock, P.M.*] Please close your record. I don't want you to look at any record or memoranda. *A.* I have already seen one there.

×-*Q.* 1879. What? *A.* I have already seen one of them there.

×-*Q.* 1880. Well, didn't you understand that I wanted you to

take that book from the beginning, and go through it until you found evidence of a concealment? *A.* Yes, sir. I will do that.

×-*Q.* 1881. I wish now you would begin at the first page, and turn the pages over, page after page, and find the first entry that you can that is a false entry. Why do you turn them over so rapidly? *A.* I don't believe I will find anything the first three or four months of the book.

×-*Q.* 1882. Are you heading now for that date which you had seen on your memorandum? *A.* I am not.

×-*Q.* 1883. Well, you don't expect to find anything before you reach that date, in that rapid turning of the pages, do you? *A.* The date I noticed there is September 3, I think.

×-*Q.* 1884. Do you expect to find any before that date? *A.* I will find one before that; yes, sir.

×-*Q.* 1885. You must turn more slowly, then, than you are now, I should think.

Mr. NAY. I take it that the witness is scanning certain particular accounts as he goes along, without knowing anything about it.

Mr. MORSE. All right. Go ahead in your own way. [*The witness proceeds to turn over the pages of the book.*] Brother Nay knows these books by heart. I have no doubt that he could give us some light.

The WITNESS [*at 12.59 o'clock* P. M.]. Do you want the very first one?

Mr. MORSE. I want the first entry, the first false entry.

The WITNESS. Do you mean the first one that I find, or the one that I will guarantee to be the first one?

Mr. MORSE. Well, I want the first one that you find and then we will see whether that is the guaranteed one or not.

The WITNESS. Well, I notice on April 8, 1907, page 4, the total of the balance column appears on the book as $57,936.82 and the correct total is some eight or ten thousand dollars different. I don't know just the difference, but I can see that there is a difference by simply glancing up the column.

×-*Q.* 1886. You haven't made the addition? *A.* No, sir.

×-*Q.* 1887. That is simply as your eye catches that column, is

it? *A.* Yes, sir. There is a balance of $52,204.01 and then balances of $2,998.85, $3,081.58, $1,216.27, $1,073.98, $1,898.07 and so on,— it shows on the face of it.

×-*Q.* 1888. That is the first instance that you found? *A.* That I noticed; yes, sir.

The MASTER. Is that balance too small or too large?

The WITNESS. That balance is too large.

×-*Q.* 1889. And you are jumping at the amount now? *A.* Yes, sir.

×-*Q.* 1890. Eight or nine thousand dollars? *A.* I should say more than that; perhaps ten or twelve thousand dollars.

×-*Q.* 1891. Did you take ten or twelve thousand dollars in one sum in your first stealing from the bank? *A.* No, sir.

×-*Q.* 1892. In what amount did you take the first sum? *A.* I couldn't say; one or two thousand dollars.

×-*Q.* 1893. What was the first amount that you took? *A.* $2,000 was the first one.

×-*Q.* 1894. Well, that $2,000 must have been somewhere upon the book, musn't it? *A.* No, sir; I took that $2,000 in cash.

×-*Q.* 1895. That you returned? *A.* Yes, sir.

×-*Q.* 1896. I am not referring to that. I am referring to this shortage which you just called attention to. You say that is a difference of ten or twelve thousand dollars? *A.* Yes, sir.

×-*Q.* 1897. I say you didn't take that ten or twelve thousand dollars, did you? *A.* I did not.

×-*Q.* 1898. That ten or twelve thousand dollars didn't include this $2,000 that you were talking about, did it? *A.* It might.

×-*Q.* 1899. It couldn't, could it, if you took $2,000 one night and returned it the next morning — that couldn't appear on the book? *A.* Oh, no, sir.

×-*Q.* 1900. Then this shortage on this account must mean a stealing of that amount, whatever it was, mustn't it? *A.* Yes, sir; I should say so.

×-*Q.* 1901. And that was taken at different times, in smaller sums, wasn't it? *A.* Yes, sir.

×-*Q.* 1902. And wouldn't every one of those have to be concealed on the books? *A.* Yes, sir.

×-*Q.* 1903. Then if you had taken more time on the books you would have discovered every one of those discrepancies, wouldn't you? *A.* I probably should have.

×-*Q.* 1904. Now, I will ask you, between now and tomorrow morning if you have an opportunity to do so, to look back of this particular shortage and see just what you find, and try to find every one that entered into and made up this deficiency. *A.* I will.

Mr. PILLSBURY. Is this the Edwin Dresser account?

Mr. MORSE. No; the general balance. He finds, upon looking at it hastily, that there is an apparent shortage of ten or twelve thousand dollars in the balance. That means the balance on hand, does it?

The WITNESS. That means that, taking these for the correct balances —

Mr. NAY. Balances due to depositors?

The WITNESS. Balances due to depositors. This is the balance on which would appear the liabilities of the company, of the bank, on that page.

×-*Q.* 1905. And you say that, to your eye, there appears to be a shortage there of ten or twelve thousand dollars? *A.* Yes, sir.

Mr. MORSE. Well. Now I will ask you to go back, if you have the opportunity, between now and tomorrow morning, and find where that began and trace it down until you reach this point.

The WITNESS. I will.

Mr. NAY. I will state that yesterday Mr. Morse asked me to bring over here this morning all the communications from the Comptroller to the bank that we had in our possession. I stated that, if I rightly recalled, we had some such communications at the office, but that I thought we didn't have a great many; that I thought there were a good many of them over in the cellar under the bank at Cambridge. Mr. Bates, by the way, tells me that he does not think that there are very many, if there are any, over there. I have gone over this morning some twenty-five or thirty such com-

munications, I should think — all we had at the office — and passed them to Mr. Morse to examine and make such use of them as he sees fit.

Mr. MORSE. The first is a letter from William B. Ridgely, Comptroller, to Mr. Edwin Dresser, President, The National City Bank of Cambridge, dated September 6, 1904.

[*Marked* "Exhibit 114, R. H. J."]

A letter from Irving B. Sayles, National Bank Examiner, to Mr. Earl, the cashier, dated October 8, 1904.

[*Marked* "Exhibit 115, R. H. J."]

A letter from William B. Ridgely, Comptroller, to F. L. Earl, dated December 15, 1904.

[*Marked* "Exhibit 116, R. H. J."]

A letter from T. P. Kane, Deputy and Acting Comptroller, to Mr. Earl, dated January 5, 1905.

[*Marked* "Exhibit 117, R. H. J."]

A letter from T. P. Kane, Deputy and Acting Comptroller, to Edwin Dresser, President, dated January 5, 1905.

[*Marked* "Exhibit 118, R. H. J."]

A letter from T. P. Kane, Deputy and Acting Comptroller, to Mr. Earl, dated February 3, 1905.

[*Marked* "Exhibit 119, R. H. J."]

A letter from T. P. Kane, Deputy and Acting Comptroller, to Mr. Earl, dated August 1, 1906.

[*Marked* "Exhibit 120, R. H. J."]

A letter from William B. Ridgely, Comptroller, to Mr. Earl, Cashier, dated September 14, 1906.

[*Marked* "Exhibit 121, R. H. J."]

A letter from William B. Ridgely, Comptroller, to president The National City Bank, Cambridge, dated December 28, 1906. I will read that letter: —

"The report of an examination of your bank made on the 12th instant has been received, and has had careful consideration.

The vacancy in the board of directors caused by the resignation of James W. Hazen on September 10, 1906, should be filled at the

approaching annual shareholders meeting. A blank for oath of director is enclosed.

The overdue paper amounts to $5,350.96, of which $3,225.69 is classed as 'bad debts', and represents the note of John F. Shaw and Joshua Rensby, dated Boston Nov. 5, 1902. Every effort should be made to collect such of the past due paper as is good, or insist upon prompt renewals, with adequate security for payment, and all determined losses should be charged off the books.

An early reply to this letter is requested."

[*Marked* Exhibit 122, R. H. J.".]

A letter from William B. Ridgely, Comptroller, to Mr. Earl, cashier, dated January 3, 1907: —

"Your letter of December 31 is received, together with the oath of David A. Barber elected a director of The National City Bank of Cambridge in place of James W. Hazen, resigned."

[*Marked* "Exhibit 123, R. H. J.".]

A letter from T. P. Kane, Deputy Comptroller, to the president National City Bank, dated January 7, 1907: —

"No reply has been received to office letter dated Dec. 28 in regard to the condition of your bank as shown by a recent examination. An immediate reply is requested."

[*Marked* "Exhibit 124, R. H. J.".]

A letter from T. P. Kane, Deputy and Acting Comptroller, to the cashier National City Bank, dated March 11, 1907: —

"Enclosed find for completion by the notary public the joint oath of 4 of the 5 directors of The National City Bank of Cambridge, elected at the annual meeting of shareholders for the current year, the month having been omitted from the date of acknowledgment and the words 'of Cambridge' from the title of the bank."

[*Marked* "Exhibit 125, R. H. J.".]

A letter from T. P. Kane, Deputy and Acting Comptroller, to the president The National City Bank, dated June 19, 1908: —

"The report of an examination of your bank made on the 16th instant has been received and has had careful consideration.

The loans of your bank are limited to $13,250, as prescribed by Section 5200, U. S. R. S., as amended. The following loan is in excess of that amount:

| | |
|---|---|
| Bond & Goodwin . . . . . | $10,000.00 |
| Howard M. Hersey (Boston Brokerage House) Endorsed by Bond & Goodwin . . . . . | 10,000.00 |
| | $20,000.00 |

Immediate arrangements must be made for the reduction of this loan to the legal limit. You are admonished that the law in this respect must be observed at all times and will be strictly enforced. Please notify this office when this loan has been brought within the restricted amount.

Overdue paper is reported amounting to $25,633.36, of which $3,050.36 is classed as 'bad debts', as defined by Section 5204, U. S. R. S. Such of this paper as is good should be collected or promptly renewed, with adequate security for payment.

The following losses are estimated and should be promptly charged off the books:

| | | |
|---|---|---|
| Bad debt: Louis Cutting . . . . . | | $1,050.00 |
| Other overdue paper: | | |
| Endorsements of J. A. Wood . . . | $9,375.00 | |
| Curtis, Leggett & Co. . . . . | 750.00 | |
| Belding Hall Mfg. Co. . . . . | 2,000.00 | |
| | | 12,125.00 |
| Michigan State Rel. Co. Bonds . . . . . | | 375.00 |
| | | $13,550.00 |

Reconcilements of accounts with correspondent banks made by one officer or employe of the bank should be verified by another, in order that errors or discrepancies may be detected.

The directors are requested to unite in making a prompt reply in detail to this letter over their individual signatures, stating that it has been read by them and what steps will be taken to correct the matters called to their attention."

[*Marked* "Exhibit 126, R. H. J."]

A letter from T. P. Kane, Deputy and Acting Comptroller, to the president The National City Bank, dated July 3, 1908: —

"Your letter of the 29th ultimo is received, replying to office letter of the 19th ultimo, based upon the report of a recent examination of the bank.

The losses sustained upon the indebtedness of J. A. Wood, Curtiss Leggett & Company and Belding Hall Manufacturing Company should be charged off as soon as ascertained. These loans should be carried upon the books at a conservative valuation, pending the settlement thereof."

[*Marked* "Exhibit 127, R. H. J."]

A letter from T. P. Kane, Deputy Comptroller, to the president The National City Bank, dated December 11, 1908: —

"The report of an examination of your bank made on the 1st instant has been received and has had careful consideration.

Overdue paper is reported amounting to $23,995.52, of which $13,763.36 is classed as 'bad debts', as defined by Section 5204, U. S. R. S. Such of this paper as is good should be collected or promptly renewed, with adequate security for payment.

The following losses are estimated and should be promptly charged off the books:

| | | |
|---|---|---|
| 'Bad debts', | | |
| M. E. Sprague | $4,750.00 | |
| J. E. Cassidy & Son | 1,800.00 | |
| Belding Hall Mfg. Co. | 2,500.00 | |
| | | $9,050.00 |
| Other overdue paper: C. H. Wildes | 865.00 | |
| M. E. Sprague | 4,125.46 | |
| F. C. Robinson & Sons | 1,966.70 | |
| | | 6,957.16 |
| Total | | $16,007.16 |

The real estate acquired for debt in 1904 should be disposed of at the first favorable opportunity.

The examiner reports that although national bank notes are separated from other classes of currency a correct daily record of the different kinds of money on hand is not kept. Reports of condition require the average legal reserve for the preceding thirty

days to be shown, and neither the bank nor the examiner can make an exact computation thereof, unless a daily record is made of the amount of each kind of money on hand. Reconcilements of accounts with correspondent banks made by one officer or employe of the bank should be verified by another, in order that errors or discrepancies may be detected.

This letter, together with the bank's reply thereto, should be read at a meeting of the board of directors and formally incorporated in the minutes of the meeting. The letter and the reply should be exhibited to the examiner making the next examination.

An early reply to this letter is requested."

[*Marked* "Exhibit 128, R. H. J."]

A letter from T. P. Kane, Deputy and Acting Comptroller, to the president The National City Bank, dated January 2, 1909:—

"Your letter of the 18th ultimo is received, in reply to office letter of the 11th ultimo, based upon the report of a recent examination of your bank.

Examiner Pepper was in this office last week and called attention to the criticism made in the letter referred to in regard to the separation of currency. The examiner reported that while national bank notes were separated from the other moneys of the bank, a detailed record of the other currency was not kept. The daily statement of your bank should show the exact amount of each kind of currency on hand, in order that sworn reports of condition may be made in accordance with the prescribed form, and not for the purpose of determining the legal reserve as was erroneously stated in the letter referred to."

[*Marked* "Exhibit 129, R. H. J."]

I understand you have nothing of later date?

Mr. NAY. I will ask Mr. Coleman this question: Were there letter press copies of letters that went out of the bank?

The WITNESS. No, sir.

Mr. NAY. Was there any regular system of having copies made of letters?

The WITNESS. No, sir.

×-*Q.* 1906. What effort have you made since the adjournment

yesterday at 1 o'clock to answer the question that was put to you in regard to the first taking of money from the bank and the first concealment on the book? *A.* I looked through it yesterday afternoon.

×-*Q.* 1907. How much time did you spend on it? *A.* About half an hour.

×-*Q.* 1908. Alone, or with anyone? *A.* Alone.

×-*Q.* 1909. What did you find? *A.* On that question —

×-*Q.* 1910. Did you use your notes in arriving at that result? *A.* I did not.

×-*Q.* 1911. I don't care for the exact discrepancy. You gave the date and the approximate amount of the discrepancy yesterday, didn't you? *A.* I did.

×-*Q.* 1912. And you stated that it must have begun at some earlier date? *A.* I did.

×-*Q.* 1913. Now, have you found the beginning of it? *A.* I have.

×-*Q.* 1914. When was it? *A.* On November 14 — March 14.

×-*Q.* 1915. What year? *A.* 1907.

×-*Q.* 1916. March 14, 1907. Will you turn to the ledger? [*The witness turns to the depositors' ledger.*] Where is it? *A.* There [*indicating*].

×-*Q.* 1917. Just give the page, so that the reporter will get it. *A.* Page 4, March 14, 1907. The total of the total check column appearing on the book is $961.72. The correct addition is $61.72, a difference of $900, a raise.

×-*Q.* 1918. Is that the first instance in which you made a false entry on the books? *A.* I won't say that; no, sir.

×-*Q.* 1919. Well, that was what I asked you to give, wasn't it? *A.* You asked me yesterday afternoon to follow back from that date and find out what the first entry was to make up that shortage at that time, which was about $4,000.

×-*Q.* 1920. Had there been a shortage before that time? *A.* Well, I believe there had been a drop on one account before that, a drop or a rise.

×-*Q.* 1921. When? *A.* Some time the first of the year; I couldn't say when.

×-*Q.* 1922. Now, in order that we may have no misunderstanding about it, I want you to point out the first false entry that you made on these books. *A.* The first false entry?

×-*Q.* 1923. Yes. In passing, the false entry that was made here was in adding, was it? *A.* Yes, sir.

×-*Q.* 1924. $900 to the amount of the checks? *A.* Yes, sir.

Mr. NAY. Total footing.

Mr. MORSE. Show me the footing.

The WITNESS. There it is [*pointing*].

Mr. MORSE. It is very faint, in pencil.

The WITNESS. Yes.

Mr. MORSE. That, as the master will notice, is almost illegible.

The WITNESS. It has been rubbed a great deal by handling.

×-*Q.* 1925. Who has handled it? *A.* I can't tell you. In turning the page.

×-*Q.* 1926. Now go back, if there is something before that date, and find the first false entry. [*The witness occupies three minutes in an examination of the book.*] Let me ask you, pausing right here, whether first and last you haven't spent days, and even weeks, in the examination of these books since this failure of the bank? *A.* I have spent some few days.

×-*Q.* 1927. Before this suit was brought, or, at all events, after the appointment of the receiver, were you not called upon by him to examine the books? *A.* No, sir.

×-*Q.* 1928. You never saw the books? *A.* No, sir.

×-*Q.* 1929. Was the first time that you saw the books when you came down here? *A.* Yes, sir.

×-*Q.* 1930. To this hearing? *A.* Yes, sir.

×-*Q.* 1931. And you then had them for several days? *A.* Yes, sir.

×-*Q.* 1932. And since then you have made the other examinations that you have testified to? *A.* Yes, sir.

×-*Q.* 1933. And in all that time haven't you been asked by the

receiver, or anybody representing him, to find the first false entry on this book? *A.* No, sir.

×-*Q.* 1934. Never? *A.* Never.

×-*Q.* 1935. You have been in conference with the expert accountant in this case, haven't you? *A.* I have talked with him; yes.

×-*Q.* 1936. He has been up to Greenfield, hasn't he? *A.* Yes, sir.

×-*Q.* 1937. He has worked with you up there, and worked with you down here? *A.* No, sir.

×-*Q.* 1938. Well, he worked with you up there, didn't he? *A.* No, sir; I did the work.

×-*Q.* 1939. And he sat by. Now, do you mean to say that in all these examinations nothing has been said to you as to the desirability or importance of finding the first false entry made by you on these books? *A.* I have been asked to the best of my knowledge about what time the first entry appeared.

×-*Q.* 1940. Have you been asked to point out the first false entry on the books? *A.* No, sir.

×-*Q.* 1941. Have you ever tried to find out? *A.* No, sir.

×-*Q.* 1942. And is this inquiry that I am making of you now the first time that you have ever been asked to find the first false entry on these books? *A.* I believe it is; yes, sir.

×-*Q.* 1943. Now, please go on with your examination and find it. *A.* [*After examining the book from 11.07 to 11.13 o'clock.*] I find on January 2, 1906, the balance of the Standard Action Company appears on the books at the close of business January 1 as $10,235.16; checks charged to their account to the amount of $293.90; deposits to their credit to the amount of $140.86; the balance carried forward is $9,082.12. The correct total should be $10,082.12; a difference of $1,000.

×-*Q.* 1944. Is that the first false entry which you made?

The Master. That is a lowering of the account —

Mr. Morse. To the amount of $1,000.

*A.* I find that restores itself —

×-*Q.* 1945. Now, one moment. We won't take that up quite now. What I am asking now is, is that your first false entry on the books? *A.* I couldn't say.

×-*Q.* 1946. You understood that to be my question, didn't you? *A.* The first false entry I could find on the books was your question.

×-*Q.* 1947. Well, keep on with your search. What I want is the first false entry.

Mr. NAY. Perhaps it will be in an earlier book.

×-*Q.* 1948. Have you been through this book? *A.* Yes, sir; this book here.

×-*Q.* 1949. And the first false entry you can find in that book is the one that you have just given, January 2, 1907? *A.* It is.

×-*Q.* 1950. Then I will ask you to look at the previous book. *A.* There is another false entry on the same date.

×-*Q.* 1951. Very well. Give us that date. *A.* On January 1 the balance at the close of business of the Standard Diary Company appears on the books as $33,695.99; checks charged to their account to the amount of $30; deposits to the amount of $5,577.43; the balance carried forward is $40,243.42. The correct balance should be $39,243.42, a difference of $1,000.

×-*Q.* 1952. A drop of $1,000? *A.* $1,000.

×-*Q.* 1953. Did that offset the other? *A.* It did.

×-*Q.* 1954. This one is on the 1st of January? *A.* Both on the 2d of January.

×-*Q.* 1955. Then there is an error of $1,000 too much in the Standard Diary account? *A.* Yes, sir.

×-*Q.* 1956. And $1,000 too small in the Standard Action account? *A.* Yes, sir.

×-*Q.* 1957. Do you say that those errors were intentional? *A.* I hardly think so.

×-*Q.* 1958. Those were accidental errors, were they not? *A.* I should think so.

×-*Q.* 1959. And they did not affect the condition of the bank? *A.* No, sir.

×-*Q.* 1960. Very well. Then those may be eliminated, may they not, from any suggestion of intentional false entries? *A.* I believe so.

×-*Q.* 1961. Now, going back in this previous book which Mr. Nay has here —

Mr. NAY. I have several here. These are not bound up, but here is December 17.

The WITNESS. I only need just one sheet.

×-*Q.* 1962. Let me ask, before you go on with that book, whether you have any memory now of the time or the occasion when you made your first false entry? *A.* Not exactly; no sir.

×-*Q.* 1963. Well, have you approximately? *A.* As I remember, it was — I believe, as I testified to it, I thought it was some time in the middle of 1907; that was the best of my recollection. Of course I have found false entries before that, so that I was wrong in that case.

×-*Q.* 1964. That was your best memory, was it? *A.* That was my best memory; yes, sir; outside of that $2,000.

×-*Q.* 1965. Have you any memory that will enable you to state what was the first sum which you obtained improperly from the bank by means of false entries? *A.* No, sir.

×-*Q.* 1966. Can you state it approximately? *A.* I should say it was a thousand dollars, a thousand or two.

×-*Q.* 1967. Well, which? *A.* Well, between 1,000 and 2,000.

×-*Q.* 1968. You think that your first transaction was somewhere between one and two thousand dollars? *A.* I believe so.

×-*Q.* 1969. Which you took from the bank improperly and concealed by a false entry — is that so? *A.* No, I shouldn't say it was as much as that; about four or five hundred dollars.

×-*Q.* 1970. Why did you say, then, that it was between one and two thousand dollars? *A.* I was thinking of a check, but I see you said false entries.

×-*Q.* 1971. I thought my question was clear, but I will repeat it. What is your memory as to the first single sum of money which you stole from the bank and concealed by a false entry on the book? *A.* I have no distinct memory of what the amount was.

×-*Q.* 1972. What is your best memory? *A.* I should say $500.

×-*Q.* 1973. Now, when you say "I should say $500", do you mean that it was $500? *A.* I wouldn't say exactly; no sir.

×-*Q.* 1974. Have you any memory at all of the first time when

you fell and stole from the bank? *A.* I have a very distinct memory of it.

×-*Q.* 1975. Well, then, can't you tell what that amount was? *A.* That was that $2,000 in 1906.

×-*Q.* 1976. But that was returned the next morning? *A.* Yes, sir.

×-*Q.* 1977. So that that was momentary almost? *A.* It was the first taking from the bank.

×-*Q.* 1978. It was the first taking, but it was returned the next morning? *A.* It was.

×-*Q.* 1979. And you had a conscience then that prompted you to get the money and to return it, didn't you? *A.* Yes, sir.

×-*Q.* 1980. Now, then, leaving that out, can you recall the first time that you took a dollar from the bank which did not belong to you and did not return it? *A.* I cannot, the date; no, sir.

×-*Q.* 1981. Can you tell the amount? *A.* No, sir.

×-*Q.* 1982. Not approximately? *A.* No, sir; only as my memory has been refreshed by going over the books.

×-*Q.* 1983. Well, taking all that refreshment, what was the amount? *A.* $425.

×-*Q.* 1984. Now we have it exact, have we? *A.* I believe that is what I found.

×-*Q.* 1985. Well, why didn't you say that a moment ago when I was asking you these questions? Why didn't you say it was $425? *A.* You were asking me for my memory and this is what I found on the books.

×-*Q.* 1986. Well, do you remember now that you took $425 and that that was the first instance in which you concealed a taking by false entries? *A.* No, sir.

×-*Q.* 1987. What do you mean? Isn't that what you said? *A.* I have no memory of that date in the year 1907, that that was the date.

×-*Q.* 1988. Do you remember that $425 was the first sum of money which you took from the bank and which you concealed by a false entry? *A.* Only by the books.

×-*Q.* 1989. Well, from the books, have you now a memory refreshed from the books? *A.* No, sir.

×-*Q.* 1990. Well, what do you mean by saying, then, that $425 was the first sum of money which you took from the bank and concealed by false entries? *A.* That is what I found on the books.

×-*Q.* 1991. Finding it on the books, is it now your testimony that that was the first sum of money which you took from the bank, and concealed by a false entry? *A.* That is the first sum I could find.

×-*Q.* 1992. Well, where is that? *A.* On March 14, 1907.

×-*Q.* 1993. But you gave us there $900 as the amount, did you not? *A.* Yes, sir.

×-*Q.* 1994. Why do you say that that is the first entry on the books that you can find? Have you been over the books in order to try to find the first entry? *A.* I did last night; yes, sir.

×-*Q.* 1995. If you will pardon me, you have said that you did not go over the books last night for the purpose of finding your first false entry, but for the purpose of finding the time that you took the first amount that entered into this false balance that you gave yesterday. *A.* If I find on April 8, 1907, a difference between my book and Mr. Earl's book of $11,075, and if I trace back and find the first entry going to make up that total amount of $11,075, I should consider that the first time that I took from the bank.

×-*Q.* 1996. You say that you should consider that the first time? *A.* Yes, sir.

×-*Q.* 1997. Do you mean to say that it was the first time? *A.* That is all I can tell you.

×-*Q.* 1998. Very well. We will start with that, then. What is the date of the first item in that amount that you finally reached? *A.* On March 14, 1907.

×-*Q.* 1999. And what is the amount of that one taking? *A.* $900.

×-*Q.* 2000. Well, does that mean a taking of $900 at that time? *A.* It does.

×-*Q.* 2001. Then why did you say it was $425? *A.* That was an error on my part in saying $425.

×-*Q.* 2002. Well, how came you to say it? You mentioned that with great exactness, did you not, as being the sum which you took? *A.* I did say $425.

×-*Q.* 2003. And you said that you mentioned it because you found that on the books, didn't you? *A.* I did.

×-*Q.* 2004. Well, that was not true, then, was it? *A.* Well, I made a mistake. That was the first one I had found last night, was $425. That was on April 8. I simply got the head mixed up with the tail.

×-*Q.* 2005. Then the first item that you now give us is an item of $900, on March 14, 1907? *A.* Yes, sir.

×-*Q.* 2006. Does that mean that on that day you took $900? *A.* I may have had a check cashed in Boston the day previous, and received the $900 — it arrived on that day in the bank; yes, sir.

×-*Q.* 2007. Well, whether on that day or the day previous, does it mean that that was one illegal taking of $900? *A.* Yes, sir.

×-*Q.* 2008. And that was the first sum which you took from the bank and concealed by false entries? *A.* That I can find; yes, sir.

×-*Q.* 2009. Do you wish further time to go back and examine the previous books? *A.* I will go back, if you say so.

×-*Q.* 2010. I want you to make all the examination that you care to make, or can make, in order to answer the question as to the precise time when you made your first false entry on the books for the purpose of concealing an illegal taking of money from the bank. Now, if you have not made sufficient examination, I wish you would go back on that book and find it. *A.* I haven't examined any books except for this year, 1907.

×-*Q.* 2011. Well, in all these years and in all these days of examination, too, do you mean to say that you have never undertaken to find that first false entry?

Mr. NAY. He has already testified that he never was asked to find that first entry, and he has been working on the books when others have been working along on the books at the same time.

×-*Q.* 2012. Here is a period of three years or more from the time of your first appointment as bookkeeper down to March 14, 1907. *A.* Yes, sir.

×-*Q.* 2013. And what I want you to do now, or at some time — I won't say, certainly, at this moment — is to answer the question whether, upon the most thorough examination you can make of these books, you can find any false entry made by you prior to that date, intentionally, for the purpose of concealing an illegal taking of money by you. If you are not able to answer the question at present, as I say, I am willing that you should make further examination. *A.* Well, I should need some further time to go over the books.

×-*Q.* 2014. I beg your pardon? *A.* I should need a good deal of time to go over the books for the last three years.

×-*Q.* 2015. How long would it take to do it? *A.* Well, if I should take every account, additions, subtractions and footing up, it would probably take about three months, that is, three months' work, working every day.

×-*Q.* 2016. And you could find those errors, I assume, more quickly than anybody else could, couldn't you? *A.* Well, I don't know as to that. It may be that an accountant —

×-*Q.* 2017. Do you know of anyone who could find them any more quickly than you could? *A.* Perhaps Mr. Fraser could, if he is an expert.

×-*Q.* 2018. But you made all the figures? *A.* I did.

×-*Q.* 2019. And you are very quick at making figures, and at addition and subtraction, are you not? *A.* I am.

×-*Q.* 2020. And you can glance up one of these long columns of figures and tell approximately the amount of the true footing, can't you? *A.* Yes, sir.

×-*Q.* 2021. Did you make any marks on these pages to indicate to yourself that the footings or the entries were false? *A.* In some instances.

×-*Q.* 2022. Did you from any particular time make those marks, or do you mean that occasionally you made them and occasionally you didn't? *A.* I should say that was the case.

×-*Q.* 2023. Then there is no rule about it? *A.* No rule about it; no, sir.

×-*Q.* 2024. And there is no time that can be fixed by finding some of those marks on these books? *A.* No, sir.

×-*Q.* 2025. Did you have any particular style of mark to indicate to you that the entries were false? *A.* Why, there might have been a double cross, or it might have been initials in the margin.

×-*Q.* 2026. Did you have any rule about it? *A.* No rule; no, sir.

×-*Q.* 2027. A double cross was a very minute affair, wasn't it? *A.* Yes.

×-*Q.* 2028. Did that indicate any particular class of false entries to you? *A.* No, sir.

×-*Q.* 2029. Have you any recollection as to how often you used that? *A.* No, sir.

×-*Q.* 2030. What initials did you use? *A.* Usually the name of the account that the shortage or the check was charged in, or the balance dropped.

×-*Q.* 2031. Did you have any particular place on the page for putting those initials? *A.* No, sir.

×-*Q.* 2032. Did you keep a record of the false entries that you were making? *A.* I did.

×-*Q.* 2033. What did you keep it in? *A.* I kept it in a sort of a diary.

×-*Q.* 2034. When did you open the diary or the account? *A.* I couldn't say the exact time.

×-*Q.* 2035. Approximately when? *A.* I should say along the latter part, when the big amounts were taken.

×-*Q.* 2036. Well, back here in 1907? *A.* I kept those in my head.

×-*Q.* 2037. How long did you keep them in your head? *A.* Well, the approximate amount I kept in my head from that time to this.

×-*Q.* 2038. But you must have kept in your head the exact amount in order to have your accounts balance, mustn't you? *A.* At that time.

×-*Q.* 2039. Very well. For how long a time did you keep in

your head the exact amount of these entries? *A.* As long as I kept them in certain accounts that I concealed them in.

×-*Q.* 2040. What accounts were those in? *A.* Most of them were on page 4, all on one page.

×-*Q.* 2041. On whose accounts? *A.* On the account of the total check column.

×-*Q.* 2042. Not any individual account, but you merely made false footings of the total check column? *A.* Yes, sir.

×-*Q.* 2043. You mean that you made them larger than they should have been? *A.* Yes, sir.

×-*Q.* 2044. And that was your method, in the first place, of concealing your takings? *A.* Yes, sir.

×-*Q.* 2045. Not of charging checks improperly to individual accounts? *A.* No, sir.

×-*Q.* 2046. But simply making the footing of this long column erroneous? *A.* Yes, sir.

×-*Q.* 2047. And was that footing made in pencil or ink? *A.* In some instances in pencil, and in some in ink.

×-*Q.* 2048. So that, if you start at the first time that you made this false footing with $1,000, you could remember that you got $1,000 by a false entry, and you would carry that along to some other place where you wanted another thousand dollars, and you would make another false footing? *A.* Yes, sir.

×-*Q.* 2049. That is what you mean? *A.* Yes, sir.

×-*Q.* 2050. Now, you had to have your balances right at certain times, didn't you? *A.* Do you mean the depositors' balances?

×-*Q.* 2051. Yes. *A.* I believe they were all right at that time.

×-*Q.* 2052. For how long a period did you make entries of that description, increasing the footings of the check column? *A.* I should say part of 1907.

×-*Q.* 2053. Down to what time in 1907? *A.* The latter part of the year.

×-*Q.* 2054. I understand, then, that down to the latter part of 1907 the character of your false entries was of this one class? *A.* I believe so.

×-*Q.* 2055. And that it simply was an increase in the footings of the check columns? *A.* Yes, sir.

×-*Q.* 2056. And that amount you were carrying in your head during all that period? *A.* Yes, sir.

×-*Q.* 2057. How much altogether did you take out during that time and cover up by that class of entries? *A.* About $30,000.

×-*Q.* 2058. Did that represent then the total amount which you had illegally taken from the bank, leaving out for the moment this $2,000 transaction, down to the latter part of 1907? *A.* I believe so.

×-*Q.* 2059. And is this entry on March 14, 1907, the beginning of those false entries? *A.* That is the beginning, from the conclusion that I came to, going back last night, finding the amount that was short on one date and tracing it back until I had covered that whole amount.

×-*Q.* 2060. I, of course, shall ask you later to make a further examination, but we will start for the present with that, and that is the earliest entry that you have been able to find so far? *A.* Yes, sir.

×-*Q.* 2061. And that shows, as you say, a taking of $900 at one time, does it? *A.* Yes, sir.

×-*Q.* 2062. And a concealment of it by increasing the amount of checks? *A.* Yes, sir.

×-*Q.* 2063. The footing? *A.* Yes, sir.

×-*Q.* 2064. Very well. What is the next one that you find? *A.* On March 15 the total check column appears on the books as $2,059.97. The correct addition is $1,134.97, or a difference of $925.

×-*Q.* 2065. Does that mean that you took $925 the next day? *A.* I didn't get the latter part of your question. [*The question is read by the reporter.*] No; that means that I took it that day.

×-*Q.* 2066. Well, I meant the day on which you took the $900. *A.* Yes, sir, the $900.

×-*Q.* 2067. You took $900 on the 14th of March? *A.* Yes, sir.

×-*Q.* 2068. And you took $925 more on the 15th of March? *A.* Yes, sir.

Mr. DEAN. Is that still on page 4?

The WITNESS. These are all on page 4.

[*The entries on the book are examined by counsel.*]

×-*Q.* 2069. That is in ink, isn't it? *A.* No, sir; this is in pencil.

×-*Q.* 2070. Well, there is an ink footing? *A.* There is an ink footing. That belongs to Austin Ford Sons Company.

×-*Q.* 2071. The pencil footing is $2,059.97? *A.* Yes, sir.

×-*Q.* 2072. And what should it be? *A.* It should be $1,134.97.

×-*Q.* 2073. What is the next entry you find? *A.* On March 16 the footing of the total check column, page 4, appears on the book as $1,663.62. The correct footing should be $1,263.62, a difference of $400.

×-*Q.* 2074. Please show me that. [*The entry is examined by Mr. Morse.*] I assume that in each instance you mean that you took that amount additional? *A.* Yes, sir.

×-*Q.* 2075. In this case $400 more? *A.* Yes, sir.

×-*Q.* 2076. And you were carrying these in your head, were you? *A.* Why, yes, sir. You see I was seeing them every day, so it was very easy to carry it along. I did at that time.

×-*Q.* 2077. Go on, please. There was no restoration during these dates, was there? *A.* No, sir. On March 24 the footing of the total check column appears on the book as $1,282.95 The correct footing is $282.95, a difference of $1,000.

Mr. MORSE. I would like to have the master look at one of these, simply as a sample. Just show the master where that footing is. Show the master the footing as it appears on the book.

The WITNESS. [*Pointing to the entry, which is examined by the master.*] $1,282.95.

×-*Q.* 2078. That is very plain, isn't it? *A.* It is.

×-*Q.* 2079. And that should be how much? *A.* $282.95.

×-*Q.* 2080. In other words, that "1" there is the false entry? *A.* Yes, sir.

Mr. BATES. That is page 4.

×-*Q.* 2081. This makes $1,000 that you took, does it? *A.* Yes, sir.

X-*Q.* 2082. And let me ask you here in what way you got those different amounts,— $900, $925, $400 and $1,000,— how did you get them? *A.* By my personal check.

X-*Q.* 2083. Exchanged with Reinhardt? *A.* No, sir; some of them were credited to my account.

X-*Q.* 2084. Do you mean that your own account would be credited? *A.* My own account with J. Thomas Reinhardt.

X-*Q.* 2085. That is, you exchanged with Reinhardt? *A.* No; it was deposited to my credit in the office of J. Thomas Reinhardt — some of those checks were.

X-*Q.* 2086. You drew your check on the National City Bank for some of these amounts? *A.* Yes, sir.

X-*Q.* 2087. And gave those checks to Reinhardt? *A.* Yes, sir.

X-*Q.* 2088. And Reinhardt gave you the money for them? *A.* No, sir; it went to my credit in his office, in his brokerage office.

X-*Q.* 2089. Well, it is the same thing,— you got the benefit of it from Reinhardt, did you? *A.* I may have bought stock with it.

X-*Q.* 2090. Yes; but whatever you did with it, it was through Reinhardt that you got the proceeds of this theft? *A.* Most of it.

X-*Q.* 2091. I mean of these four. *A.* Well, I wouldn't say that.

X-*Q.* 2092. Well, that is what I am asking you.

The Master. What do you mean by Reinhardt's giving you credit for it?

The Witness. I deposited my check to my credit in the office of J. Thomas Reinhardt, and he deposited the check in the National Union Bank, and the National Union Bank collected it, and I would pay the check in that manner.

X-*Q.* 2093. And you got the benefit of the transaction through Reinhardt? *A.* Most of it.

X-*Q.* 2094. Is that true of these four particular ones that we have been talking about? *A.* I couldn't tell without seeing the exhibits.

X-*Q.* 2095. I won't stop now to go into it, but I want to finish this particular inquiry. Go on now after the one of the 24th of March to the next false entry. You have got to the 24th of March, haven't you? *A.* No, sir; the 21st.

×-*Q.* 2096. I took that down as the 24th. Should it have been March 21st? *A.* It should have been the 21st. Now on the 22d the total of the total check column appears on the book as $1,607.72. The correct footing should be $607.72, a difference of $1,000.

×-*Q.* 2097. Does that mean that you took $1,000 more that day? *A.* Yes, sir.

×-*Q.* 2098. I shall assume, unless you state the contrary, that there were no restorations by you of any of these amounts. *A.* Not up to that time.

×-*Q.* 2099. Very well. When you come to any instance of that sort I wish you would mention it. *A.* I will.

×-*Q.* 2100. Go on now, if you please, with the false entries. *A.* March 23, 1907, the total of the total check column appears as $2,641.21. The correct footing should be $1,541.21, or a difference of $1,100. On March 25 —

×-*Q.* 2101. You were carrying all these odd amounts in your head, were you? *A.* Yes, sir, at the time.

×-*Q.* 2102. Go on. *A.* On March 25 the total of the total check column appears on the book as $1,746.70. The correct total should be $746.70, a difference of $1,000.

×-*Q.* 2103. Let me ask whether up to this time you have found, in connection with those false entries, any mark or indication on the page itself to indicate to you that they were false entries? *A.* I don't remember of seeing any.

×-*Q.* 2104. Well, I wish you would look back and see, taking the entries beginning with March 14 and ending with March 25, and stating whether you find on those pages any mark indicating to you that the entries were false. *A.* [*After turning back through the pages.*] No, sir, I don't find anything.

×-*Q.* 2105. You don't find anything? *A.* No, sir.

×-*Q.* 2106. Then there was no way in which the incorrectness of those footings could have been ascertained except by somebody's going over those figures,— there was nothing to direct their attention to it? *A.* No, sir.

×-*Q.* 2107. Now go on after the 25th of March. *A.* On March

26 the total of the total check column appears on the books as $1,701.08. The correct total is $701.08, or a difference of $1,000.

×-*Q.* 2108. That was taken by you, was it? *A.* Yes, sir. On March 27 the total of the total check column appears on the book as $1,027.04. The correct total is $227.04, or a difference of $800.

×-*Q.* 2109. That was taken by you, was it? *A.* Yes, sir.

×-*Q.* 2110. And you were still carrying these amounts in your head? *A.* Yes, sir.

×-*Q.* 2111. No memorandum of any description anywhere? *A.* Not at that time, that I remember of.

×-*Q.* 2112. Well, do you state positively that there wasn't any? *A.* To the best of my recollection, I hadn't any at that time.

×-*Q.* 2113. Well, go on. *A.* On March 29 the total of the total check column appears on the book as $1,253.85. The correct total is $1,053.85, a difference of $200.

×-*Q.* 2114. That you took, did you? *A.* Yes, sir. On March —

×-*Q.* 2115. And up to this time were you taking all these amounts through Reinhardt or his office, either by getting credit in his office, or by exchange of checks, or in some other way? *A.* I couldn't say to all of them; part of them.

×-*Q.* 2116. And do you recollect getting the proceeds of these illegal takings in any other way than through Reinhardt or his office? *A.* Yes, sir.

×-*Q.* 2117. Up to this time? *A.* Yes, sir.

×-*Q.* 2118. In what other way? *A.* Through the office of Edward Brady, Hayden, Stone & Company, Carpenter, Baggot & Company.

×-*Q.* 2119. Are you able to state from memory as to which of these amounts you got through those other offices? *A.* No, sir.

×-*Q.* 2120. Have you examined the different exhibits that have been put in here? *A.* I glanced over them; yes, sir.

×-*Q.* 2121. Have you undertaken to make any memorandum yourself of the ways in which you got the benefit of these takings — I mean to say, separating them as between Reinhardt and the other offices? *A.* No, sir.

×-*Q.* 2122. You haven't anything on your memoranda here to enable you to answer the question? *A.* No, sir.

×-*Q.* 2123. Well, go on, if you please, after the 29th of March. What is the next one? *A.* On March 30 the footing of the total check column appears on the books as $3,309.39. The correct addition is $2,609.39, or a difference of $700.

×-*Q.* 2124. Now, I will ask you again whether you mean to say that you were carrying in your head the amount of these various takings without any written memorandum or record of any sort? *A.* Yes, sir.

×-*Q.* 2125. And that you could have told on any day exactly the amount that you had taken from the bank? *A.* At that time; yes, sir.

×-*Q.* 2126. What is the next transaction? *A.* On April 2 the total of the total check column appears on the book as $1,528.92. The correct amount was $1,328.92, a difference of $200.

×-*Q.* 2127. Which you took? *A.* Yes, sir. On April 3 the total of the total check column appears on the book as $905.16. The correct total is $705.16, or a difference of $200.

×-*Q.* 2128. Which you took? *A.* Yes, sir. On April 4 the total of the total check column appears on the book as $997.43. The correct total is $597.43, a difference of $400.

×-*Q.* 2129. And are these footings in ink or in pencil? *A.* Pencil.

×-*Q.* 2130. And also faint. Are they all faint? *A.* No, sir.

×-*Q.* 2131. What? *A.* No, sir.

×-*Q.* 2132. Let me see this last one. [*The entry is examined by Mr. Morse.*] You don't think that is faint? *A.* No, sir.

×-*Q.* 2133. Well, the next. *A.* On April 6 the total of the total check column appears on the book as $2,105.17. The correct footing is $1,205.17, or a difference of $825. [*See pages 870-871* [*printed pages 567-569*].]

×-*Q.* 2134. Up to this time it follows, of course, from your answers, that nothing has been changed in any individual account, but that all these false entries are of footings of the general check column? *A.* These are carried on footings; yes, sir.

×-*Q.* 2135. Very well. Go on. *A.* On April 8, 1907, the

total of the total check column appears on the book as $2,949.86. The correct footing should be $2,524.86, or a difference of $425.

×-*Q.* 2136. Still carrying it in your head, were you? *A.* Yes, sir.

×-*Q.* 2137. Go on. Does that make that total? *A.* Yes, sir; that makes that difference of approximately $12,000.

×-*Q.* 2138. What does it foot up exactly? *A.* $11,075.

×-*Q.* 2139. So far as you now know, or can remember, or have been able to find, this is the statement, then, of the first set of false entries which you made upon the books for the purpose of concealing your takings? *A.* As far as I know now; yes, sir.

×-*Q.* 2140. And it would take you three months, you think, to go over the books in order to find whether there were any earlier entries? *A.* It would to go over them from day to day; yes, sir.

×-*Q.* 2141. In every instance these represent false footings in the check column? *A.* Yes, sir.

×-*Q.* 2142. And in no case did you take any amount from any individual account, or change any individual account? *A.* Not that I can find.

×-*Q.* 2143. Go on from that date now, and state what was the next false entry. *A.* Is there any waste paper to be had?

×-*Q.* 2144. Yes [*passing a piece of paper to the witness*]. *A.* April 9, 1907, the total of the total check column appears on the book as $1,481.42. The correct total should be $856.42, a difference of $625. April 11, 1907, the total of the total check column appears on the books as $2,429.52. The correct total should be $2,229.52, a difference of $200. On April 12 the total of the total check column appears on the books as $728.80. The correct footing is $528.80, or a difference of $200.

×-*Q.* 2145. I assume, without putting you the question, that in each one of these instances you took those additional sums from the bank? *A.* Yes, sir.

×-*Q.* 2146. And I also assume, without putting you the question, that in every instance you were carrying the amount in your head? *A.* Yes, sir.

×-*Q.* 2147. And you had no record of any sort? *A.* Not to my knowledge.

×-*Q.* 2148. And nothing on the books to indicate to you or to anybody else, aside from going over the footings, that there was an error,— is that right? *A.* Yes, it would indicate to me.

×-*Q.* 2149. You had no mark up to this time on any one of these false entries to indicate to you that they were false entries, had you? *A.* Not on the entries; no, sir.

×-*Q.* 2150. That is what I mean. And no mark anywhere on the page to indicate that they were false entries? *A.* No, sir.

×-*Q.* 2151. And no record anywhere of the fact? *A.* No, sir.

×-*Q.* 2152. You merely mean that you could run your eye over these columns and see that there was an error? *A.* Yes, sir.

×-*Q.* 2153. But unless somebody figured up these columns he wouldn't discover the error? *A.* Perhaps not.

×-*Q.* 2154. There was no mark whatever, nothing in the shape of a cross, or a double cross, or any initials, or anything of that sort? *A.* No, sir.

×-*Q.* 2155. And, for aught that appeared on the face of the books, those were correct footings, were they not? I say, for aught that appeared on the face of the books, they were as correct as any of the other figures, weren't they? *A.* Yes, sir.

×-*Q.* 2156. Now go on. *A.* On April 13, 1907, the total of the total check column appears on the book as $2,220.40. The correct footing should be $1,370.40, or a difference of $850. On April 20 the total of the total check column appears on the book as $1,989.33. The correct amount should be $1,039.33, or a difference of $950. This is a case where they could have seen it very easily. The total of that column is $50,340.04 and Mr. Dresser's account is down as fifty-two thousand. This is a case where anybody could have found out very easily. The total of the balance column appears on the book as $50,340.04 and Mr. Dresser's balance is down as fifty-two thousand.

Mr. NAY. Give the page and date.

The WITNESS. Page 4, April 21.

Mr. MORSE. I would like to have the master look at that.

The MASTER [*examining the account*]. Edwin Dresser's account is $52,217.61.

The WITNESS. Yes, sir.

×-*Q.* 2157. And you say that that is the true balance of Mr. Dresser at that time? *A.* Yes, sir.

×-*Q.* 2158. Then what is the total error of that column? What should that footing be? *A.* I couldn't tell you exactly. I have neglected to take down all this separately.

The MASTER. That is one single deposit that is almost $2,000 bigger than the total of the balances given.

The WITNESS. I should say $13,900 was the difference.

The MASTER. Less than it should be?

The WITNESS. Yes.

×-*Q.* 2159. But there is no mark or private signal to yourself of the fact of there being an error on that page, is there? *A.* No, sir.

The MASTER. Calling attention to that [*pointing to the top of the column*], what is that? What is that little mark under there? *A.* That is a "3". I carried that forward as "369" instead of "469". That is a clerical error.

The MASTER. A real correction in an account.

The WITNESS. Yes, sir.

×-*Q.* 2160. Every individual account is right on that page, is it not? *A.* I believe so; yes, sir.

×-*Q.* 2161. And the error consists in the footing of this column that we have been talking about? *A.* Yes, sir; the balance column.

×-*Q.* 2162. If your balance column was wrong heretofore? *A.* Yes, sir; instead of changing one I changed them all.

×-*Q.* 2163. But you haven't pointed that out? *A.* If you have an error in the check column it changes all the columns; all the columns are wrong from there on.

×-*Q.* 2164. I thought you understood that my question was asking you to point out all the false entries that were made. Now, do you mean to say that if you go back you will find also that there were false entries in the balance columns for these dates? *A.* Yes, sir; both.

×-*Q.* 2165. The figures in the balance columns were wrong? *A.* Yes, sir.

×-*Q.* 2166. There was the same error; the balances were too large, were they? *A.* The balance column appears too small; the check column too large, and the balance column too small.

×-*Q.* 2167. And one amount would offset the other, would it? *A.* No.

×-*Q.* 2168. Isn't the difference the same? *A.* The difference is the same. The $900 would be the same in the first one; in the second, it would be $1,825. On April 20 the total of the balance column appears on the books as $50,860.22. There is no difference on that day. I find a date where there is a difference. If this was forced —

Mr. MORSE. I think it would be much better to take actual instances. What we want to get at is exactly what appears on the books.

The MASTER. Can't you tell from that one which you say is $13,000 out of the way?

The WITNESS. Surely, but I can't show to your Honor without covering a particular case.

Mr. NAY. Take April 20, where the balance was forced $950.

The WITNESS. Take the total of the balance column on April 18, $52,424.65. On April 20 the total of the total checks is $1,989.33. That column shows a rise of $950. Then you have total deposits the same day on that page, $424.90. You take these totals, subtract the checks, and there is your deposit, bringing it to $50,860.22. By adding up the total deposit column it appears that the deposits are correct on that page on that day.

Mr. NAY. Indicating the balance column on April 20.

The WITNESS. Where these extensions appear right, they are really false, because if that is false, that has got to be false.

The MASTER. That one is correct?

The WITNESS. That one is correct. This one appears correct; that one does not appear correct.

Mr. BUNKER. If you had added up this balance column April 20, that would not have given the correct footing, because some of the balances were not in it?

The WITNESS. Yes, sir.

Mr. BUNKER. The actual condition of that column would not give the correct footing, because a lot of the balances are not in it.

The WITNESS. We figure the balances every night, though we don't carry them forward.

Mr. BUNKER. But it does not appear on the page.

The WITNESS. No, sir.

Mr. BUNKER. And when you want to extend the full balances you extend only those in which a change has been made?

The WITNESS. Yes, sir.

×-*Q.* 2169. We are to understand, then, that up to this time there had been a double set of false entries in the footings, one in the check column and the other in the balance column? *A.* Yes, sir.

×-*Q.* 2170. And that there was an error to the same amount in each column? *A.* Yes, sir.

×-*Q.* 2171. The actual footing of the balance column, if they were correct, would show the entire discrepancy? *A.* Yes, sir.

×-*Q.* 2172. Whereas—

Mr. NAY. Until it was charged in to individual accounts.

Mr. MORSE. Exactly.

×-*Q.* 2173. But the check footing would simply show the incorrect footing of that particular column of checks? *A.* Yes, sir.

×-*Q.* 2174. And what you mean to say is that up to this time there had been falsification in the footings of both those columns, both the check column and the balance column? *A.* Yes, sir.

×-*Q.* 2175. And that the footing in the balance column was made sufficiently wrong from day to day to incorporate all the false entries of the checks? *A.* Yes, sir.

The MASTER. They were accumulating right along.

Mr. NAY. The balance column and the discrepancy was constantly increasing.

Mr. KNEELAND. To show all the takings to that time.

×-*Q.* 2176. So that you could ascertain for your own satisfaction or information at any moment the amount of your actual takings by footing up your balance column? *A.* Yes, sir.

×-*Q.* 2177. And you had that in your memory? *A.* Yes, sir; I believe I said I saw it every day.

×-*Q.* 2178. Then you didn't in point of fact have to carry in your head all these various details? *A.* Well, three days, that is all. The balance is carried forward only every three days, and there are two days that it wouldn't show.

×-*Q.* 2179. You, with your facility for making quick computations, could ascertain very shortly the exact amount of your takings? *A.* Yes, sir.

×-*Q.* 2180. And up to this time there was no other way in which your accounts were falsified, except the two that you have referred to, in the balance column and in the check column? *A.* Yes, sir.

×-*Q.* 2181. The footings? *A.* The footings.

×-*Q.* 2182. Very well. Now go on from this date. What is the next date after the 20th of April? *A.* On April 22 the total of the total check column appears on the book as $497.50. The correct total should be $197.50, or a difference of $300. On April 27 the total of the total check column appears on the book as $1,710.33. The correct footing should be $1,510.33, a difference of $200.

×-*Q.* 2183. I am assuming that up to this time, during the period that we have been talking about, every entry upon these books was a correct entry, with the exception of those two given, was it? *A.* Why, I find here at the close of business April 29, 1907, the balance of Mr. Dresser appeared on the books as $52,426.79. It was carried forward at the close of business April 30 as $35,426.79, or a difference of $17,000.

×-*Q.* 2184. Well, was that a charging off to his account of a part or the whole of this amount that you had taken? *A.* I think it was the whole. I haven't carried all the figures forward.

×-*Q.* 2185. I wish you would figure it up. *A.* That would make a difference of $14,400; a final difference.

Mr. DEAN. That is the same amount I have, $14,400, Mr. Morse.

×-*Q.* 2186. You say the amount charged to Mr. Dresser's account is — *A.* $17,000.

×-*Q.* 2187. Does that mean that you took on that day the difference between $14,400, if that is your footing, and the $17,000? *A.* I shouldn't say so; no, sir.

×-*Q.* 2188. How do you account for that difference?

The MASTER. You should or should not?

The WITNESS. I should not say so.

×-*Q.* 2189. How do you account for that difference? Mr. Bunker suggests — and I think that it is just as well to have these figures correctly — that in your computation under date of April 6 the amount should be $925 instead of $825. I wish you would go back to that in order that we may see. You said that the amount of the taking was $825. Mr. Bunker thought it should be $925.

Mr. DEAN. $900, isn't it?

Mr. BUNKER. An even $900, on the figures.

Mr. MORSE. April 6.

Mr. DEAN. The total check column on April 6.

Mr. KNEELAND. $825 is right.

Mr. DEAN. He gave his figures wrong, then; he said it was $2,105.17 when it should have been $1,205.17, but to make a difference of $825 that second figure should have been $1,280.17. That is the way it should be. I don't know how he gave it.

The WITNESS. The correct figure on that date should be $1,280.17.

×-*Q.* 2190. What is the actual amount of the taking? *A.* $825.

×-*Q.* 2191. Well, that is the figure that you gave before. You say that is right, do you?

Mr. BUNKER. That is right, but he has changed the figure that he says is the correct footing.

×-*Q.* 2192. Then we come back to the fact that you have charged up to Mr. Dresser's account $17,000, and your total takings up to that time amounted to $14,400, and the question is whether you took $2,600 more at that time? *A.* [*After consulting the books and making computations from 12.27 to 12.37* P. M.] Have you got the 1907 cash book there, Mr. Nay?

Mr. NAY. Yes [*producing a book*].

The WITNESS. Do you want me to find that difference if I can?

Mr. MORSE. What I want you to do is to state whether you did or did not take $2,600 more at this time.

The WITNESS. No, sir, I did not, at that time.

×-*Q.* 2193. Then how do you account for the fact that you have

charged to Mr. Dresser's account that check for $17,000, and that your aggregate discrepancies up to this time come to $14,400 only? *A.* I can't say now.

×-*Q.* 2194. What explanation do you suggest? If you charged $17,000 to Mr. Dresser's account falsely, and your actual takings up to that time amounted to only $14,400, and you didn't take any more, you would have carried along $2,600 — your balances on the books would have been $2,600 less than your actual amount of cash, wouldn't they? *A.* Well, I see by comparing my book with Mr. Earl's book, at the close of business that day, that they agree, by taking out that $17,000, so that that shows that the $17,000 shortage up to April 30 is somewhere.

×-*Q.* 2195. Very well. Now, will you explain how it could have arisen unless you had taken $2,600 more at that time? *A.* [*After examining the book from 12.40 to 12.45* P. M.] It was not a taking on that day, anyway.

×-*Q.* 2196. What is that? *A.* It is not a taking on that day, anyway.

×-*Q.* 2197. How do you know that? *A.* My checks and deposits agree with Mr. Earl's on that day.

×-*Q.* 2198. How do you account for the fact that you charged this amount up to Mr. Dresser's account and that your actual takings up to this time were only $14,400? *A.* All we found was $14,400, but the difference between my book and Mr. Earl's book shows $17,000.

×-*Q.* 2199. But you had been carrying along these false balances for some months, hadn't you? *A.* No; I should say about a month.

×-*Q.* 2200. Well, do you mean that there must have been false entries made by you and illegal takings before the date of March 14? *A.* No; I shouldn't say that.

×-*Q.* 2201. Well, when did they occur? *A.* That might be so. I couldn't prove that in a minute.

×-*Q.* 2202. What? *A.* I can find out in a short time.

×-*Q.* 2203. Do you mean that this $17,000 charged to Mr. Dresser's account represented unquestionably the amount of money

that you had actually improperly taken from the bank? *A.* Yes, sir; it shows that on the books.

×-*Q.* 2204. Very well. Now, you have accounted for $14,400 of it? *A.* Yes, sir.

×-*Q.* 2205. In what way do you think that the rest can be accounted for? *A.* It might be charged in with checks, illegal checks, or by dropping somebody's balance.

×-*Q.* 2206. You have not found any evidence of it on the books, have you? *A.* No, sir, I have not.

×-*Q.* 2207. Then, although you have been studying over these books, if there are any errors of that kind you have not been able to detect them? *A.* Not this morning; no sir.

×-*Q.* 2208. Up to this moment you have not been able to find any errors in your books down to this date except these errors in the footings of your checks, and the footings of your balances, until you come to this charge of $17,000 to Mr. Dresser's account, have you? *A.* I might find one in my book that I made the entries in when I went over the books.

×-*Q.* 2209. You haven't in fact found any, have you? You understood my question yesterday, and again this morning, to be that you were requested to find the first false entry in the books that you could find? *A.* Yes, sir.

×-*Q.* 2210. And to follow that along? *A.* Yes, sir.

×-*Q.* 2211. And you didn't understand that I was limiting you to any particular class of false entries, did you? *A.* You limited me in what I could use to find them.

×-*Q.* 2212. I made it perfectly clear, didn't I, that I wanted you to find the first false entry that you could find on the book, and then when you said that you had not found the first false entry going to make up this eleven or twelve thousand dollars, I asked you to find the first false entry in reference to that, and I asked you particularly with regard to each one whether there was any other false entry than in the false footings, did I not? *A.* Yes, sir.

×-*Q.* 2213. Well, in going over the books up to the present moment, have you discovered, or can you now state, any individual

entry, or any class of entries, that were false, other than in the footings of these two columns and in the charge to Mr. Dresser's account on the date that you have just given? *A.* I have only been over one page, 4. I have not taken the other pages of the book.

×-*Q.* 2214. Well, but you have been in conference with and under examination, first and last, by counsel and by the expert accountant, and all that with a view of ascertaining the false entries you have made on your books, haven't you? That has been the general object of all your conferences and examinations? *A.* I don't think so, of my conferences.

×-*Q.* 2215. Of what? *A.* I don't think so, of my conferences with Mr. Nay.

×-*Q.* 2216. I didn't mean with your own counsel, but you understood that the whole object of this controversy, from the time the receiver started his claim against the directors, was to find out what you have taken, when you took it and how you concealed it? *A.* Yes, I understood that.

Mr. NAY. I stated that we were not going to prove every item by Mr. Coleman, but that we should call his attention to a large number.

Mr. MORSE. I didn't ask what you stated, brother Nay. I asked the witness what he understood.

The WITNESS. I was hunting for the money taken, not all the false entries. There might be several thousands of false entries here. I might take it out here and put it back there. I have not gone into that. I have been going into the matter of the amount of the shortage, not the false entries.

×-*Q.* 2217. Haven't you understood, throughout the various conferences that you have had, that it was important to ascertain when and how you took money first from the bank and how you concealed it? *A.* I never had anybody ask me the first time I took the bank's money, that I can remember, or what I could find —

×-*Q.* 2218. Haven't you been asked to make up a statement from the books of the total that you took from the bank? *A.* No, sir, I have not.

×-*Q.* 2219. And you never have done it? *A.* I have not.

×-*Q.* 2220. And you don't know from the books what the total amount that you have taken from the bank is, do you? *A.* No, sir.

×-*Q.* 2221. Well, coming back now to this particular question, how do you know that you didn't take $2,600 on this day? *A.* My checks of deposit agree with Mr. Earl's and the checks of deposit are added correctly on the books, without any rises or any drops, and there can't be any taking on that day, possibly.

×-*Q.* 2222. Well, how does this check of $17,000 charged to Mr. Dresser's account appear on Mr. Earl's book? *A.* There is no check of $17,000 charged to his account. It is a dropped balance of $17,000.

×-*Q.* 2223. But no check appears? *A.* No check appears on his account at all.

×-*Q.* 2224. I am going to ask you between now and Monday, as you have opportunity, to examine the books with a view of finding out, if you can, any and all false entries made by you upon the books down to the period that we have been talking about, from the beginning of your employment as bookkeeper, and ask you to make a memorandum of every one that you find other than those that you have stated. *A.* Every false entry?

×-*Q.* 2225. Every false entry from the time that you first became bookkeeper of the bank down to the date that we are inquiring about.

The Witness. No ten men can do it. I will admit that it may not be in my power, or in any man's power, to get that information without all the checks and all the deposit slips with these books. If we had all the checks and all the deposit slips, we could check them all off. Without them it would be impossible to tell whether this check here for $50 was a real check or not. Without them it can't possibly be done. It is an impossibility.

The Master. It cannot be held to be unreasonable to ask a man to do what he may be able to do.

Mr. Morse. That is exactly what I have suggested.

The Witness. If Mr. Morse will allow me to use the notes that

I used when I was assisting Mr. Bates, I think I can get along faster and perhaps find something, but Mr. Morse refused me that privilege last night when I wanted to use them.

×-*Q.* 2226. What did you make your notes from? *A.* From this book.

×-*Q.* 2227. When did you examine it for the purpose of making those notes? *A.* When did I?

×-*Q.* 2228. Yes. *A.* At Greenfield.

×-*Q.* 2229. And at any other examination? *A.* Not on this book; no, sir.

Mr. MORSE. I have no objection to your using notes that you made from this book at Greenfield.

The WITNESS. Well, you refused me the privilege of using them.

Mr. MORSE. Well, I say now that, for the purposes of this examination which you are to make between now and Monday morning, you may use them. Here is the man who made all these false entries, and who is more familiar with the books than any other person, and I want him to give all the time he can give between now and Monday morning to going over the books, in order to answer the question as best he can on Monday morning.

The MASTER. I understand him to say that he has been over them once and has made some notes.

Mr. NAY. I don't want Mr. Morse to understand that he has been over those books thoroughly for the purpose of finding all the false entries, because it is years since he has had those books in his possession except for a very short time, and a man can forget a good deal in three years. These particular books are over six years old, your Honor.

×-*Q.* 2230. Since the adjournment have you got any new light on the points that we were talking about before the recess? *A.* No, sir.

×-*Q.* 2231. You are not able now to state any more than you were then either as to what other takings had been made by you prior to the date when this $17,000 was dropped from Mr. Dresser's balance, or to account for the fact that that drop was some $2,600

more than the amount of the takings as shown by the differences in the balances? *A.* No, sir; I am not able to state anything further.

×-*Q.* 2232. I beg your pardon? *A.* I am not able to state anything further at the present time.

×-*Q.* 2233. You have no doubt, however, that at that time your actual takings had amounted and did amount to $17,000? *A.* Yes, sir.

Mr. NAY. What do you mean by "Yes, sir"?

The WITNESS. I mean that they did, that they must have.

×-*Q.* 2234. And that if there had been no further takings, and no other change had ever been made in the books, if you had maintained that drop from Mr. Dresser's account, there would have been no further irregularity in the books? *A.* No, sir.

×-*Q.* 2235. During all this period you had known that each false entry that you made, and each taking of money, was a serious crime, had you not? *A.* Well, I won't say that I knew about the false entries. I knew that the taking of the money was a crime; yes, sir.

×-*Q.* 2236. Did you not know that an intentional false entry made by you as bookkeeper was a crime? *A.* I didn't know that each one was; no, sir, I didn't know that.

×-*Q.* 2237. "Each one"? What do you mean by that? *A.* I might take $200, and then make fifty false entries to conceal that taking of $200, but there would be no more than $200 taken.

×-*Q.* 2238. Did you or not understand that each of the false entries relating to a taking of money constituted a crime? *A.* Yes, sir, the false entries as to each amount taken.

×-*Q.* 2239. You do so understand? *A.* Yes, sir.

×-*Q.* 2240. So that, from the time that you began this business, you knew that you were committing crimes day after day, did you? *A.* In taking the money; yes, sir.

×-*Q.* 2241. And in making the false entries? *A.* I didn't know that at the time; no, sir.

×-*Q.* 2242. Didn't you suspect that the making of false entries was a crime? *A.* I didn't suspect at that time that if I took $200,

and made fifty false entries in connection with that taking of $200, there were fifty crimes committed.

×-*Q.* 2243. Did you understand that it was a crime to make false entries, without regard to the number? *A.* No, sir, I did not.

×-*Q.* 2244. Did you think that you could make any number of them without committing a crime? *A.* Well, the false entry might be made unintentionally.

×-*Q.* 2245. I am not talking about entries of that class,— false entries made unintentionally; I am talking about intentional false entries made to conceal the taking of money. *A.* I understood that part of it; yes, sir.

×-*Q.* 2246. You understood that such entries were crimes in and of themselves? *A.* Yes, sir.

×-*Q.* 2247. Then you did recognize the fact that, from the time you began to make the takings that you testified to this forenoon and the entries that you testified to, you were committing crime after crime, day after day? *A.* Yes, sir.

×-*Q.* 2248. Each crime, you understood, subjecting you to the possible penalty of imprisonment in the State's prison; you understood that, didn't you? *A.* No, sir; not State's prison; Federal prison.

×-*Q.* 2249. Federal prison? *A.* Yes, sir.

×-*Q.* 2250. How did you learn that? *A.* I knew that we were under United States control, and I knew that the United States had nothing to do with State's prisons.

×-*Q.* 2251. When did you first learn that? *A.* Why, I assumed that. I had read it in the papers a great many times, or a few times.

×-*Q.* 2252. That didn't make any difference with you about going on and increasing the number of these takings and making false entries, did it? *A.* It didn't; no, sir.

×-*Q.* 2253. You also knew that if your superiors, if the cashier or the president or the directors learned that you were committing these crimes, you stood a good chance of being prosecuted, didn't you? *A.* Yes, sir.

×-*Q.* 2254. You believed that you would be prosecuted if they did? *A.* Yes, sir.

×-*Q.* 2255. And you recognized the fact that they all of them intended to have the accounts of the bank and the money of the bank kept honestly? *A.* Yes, sir.

×-*Q.* 2256. You never did anything with any intention of giving them information of what you were up to, did you? *A.* No, sir.

×-*Q.* 2257. When you made these footings, for instance, in pencil, as you did, you intended and hoped and believed that they would escape observation, did you not? *A.* Yes, sir.

×-*Q.* 2258. Up to this time, to your knowledge, had anyone except yourself been in the habit of examining the details of your book?

Mr. NAY. Up to what time, Mr. Morse?

Mr. MORSE. Up to the time that we have reached, when we charged off this $17,000 to Mr. Dresser's account.

*A.* Why, I had seen different officers of the bank at the book. I don't know whether they were examining the details of the book.

×-*Q.* 2259. Well, what were they doing at the book, and whom did you see there? *A.* I have seen Mr. Earl there, and the teller, and I have seen Mr. Dresser.

×-*Q.* 2260. Which Mr. Dresser? *A.* Senior.

×-*Q.* 2261. What was he doing? *A.* Examining the book.

×-*Q.* 2262. At any time that you saw Mr. Edwin Dresser examining the book was his balance as shown on the book correct or incorrect? *A.* I have seen it both ways.

×-*Q.* 2263. What? *A.* I have seen it both ways; both correct and incorrect.

×-*Q.* 2264. During this period? *A.* I won't say that.

×-*Q.* 2265. It hadn't been incorrect, had it, up to this date? *A.* It had been correct up to this date.

×-*Q.* 2266. If he or anybody else had examined that book with a view of finding out the balance to their credit on the books, they would have found correct balances up to that time, would they not? *A.* They would; yes, sir.

×-*Q.* 2267. Are you able to state any dates with any kind of definiteness when Mr. Dresser had the book or examined the book? *A.* Why, no. He was in the habit of going over the books perhaps two or three times a week.

×-*Q.* 2268. What do you mean by "going over the books"? *A.* Going up to the depositors' ledger and just glancing through it, I presume.

×-*Q.* 2269. Not what you "presume". What did you see him do? *A.* Turn over the leaves.

×-*Q.* 2270. You saw him turn over the leaves? *A.* Yes, sir.

×-*Q.* 2271. Anything else? *A.* No, sir.

×-*Q.* 2272. How often did you see him do it? *A.* Perhaps two or three times in a week.

×-*Q.* 2273. Did he ever call your attention to any particular account? *A.* No, sir.

×-*Q.* 2274. Or ask you any questions? *A.* Not that I remember of.

×-*Q.* 2275. And you were watching, I assume, to see that he didn't get hold of anything that you had intentionally made false, weren't you? *A.* I don't know that I was watching him for that purpose; no.

×-*Q.* 2276. Well, wasn't it a matter of constant dread to you that somebody would stumble on something which would indicate the false entries by you? *A.* Not at this time.

×-*Q.* 2277. What? *A.* Not at this time.

×-*Q.* 2278. But you knew it was State's prison if he had found an entry which was clearly a false entry, didn't you? *A.* Yes, sir.

×-*Q.* 2279. Then, if you saw Mr. Dresser looking at the book at any time when there was on that book a false entry, do you mean to say that you were not apprehending that he would find it? *A.* Well, I certainly was hoping that he wouldn't find anything.

×-*Q.* 2280. And fearing that he would? *A.* Yes, sir.

×-*Q.* 2281. In point of fact, he never did find, as far as you know, a false entry in your books, did he? *A.* As far as I know; no, sir.

×-*Q.* 2282. Did he ever compare his pass book in your presence with the balance as shown on your book? *A.* Not to my knowledge.

×-*Q.* 2283. Or ask you to compare the two? *A.* Why, he has passed me his pass book and asked me to balance it up.

×-*Q.* 2284. No. My question is whether he has ever produced

his pass book and asked you to give him the balance as shown on your book? *A.* No, sir.

×-*Q.* 2285. You assumed that he had perfect confidence in your honesty, didn't you? *A.* Yes, sir.

×-*Q.* 2286. And that Mr. Earl had? *A.* Yes, sir.

×-*Q.* 2287. Won't you illustrate by turning over those pages what you mean by Mr. Edwin Dresser's turning over the pages of the book? How did he do it? *A.* Of course our book was standing on the desk at this time.

×-*Q.* 2288. Standing on your desk, wasn't it? *A.* On my desk.

×-*Q.* 2289. It never was moved from your desk, was it? *A.* What, this book?

×-*Q.* 2290. Yes. *A.* Oh, yes.

×-*Q.* 2291. Where was it taken to? *A.* Taken to the vault every night.

×-*Q.* 2292. Well, I didn't mean that, but I meant that during business hours it was on your desk, wasn't it? *A.* Yes, sir.

×-*Q.* 2293. It was not taken into the directors' room? *A.* No, sir.

×-*Q.* 2294. And was not taken to the cashier's desk? *A.* No, sir.

×-*Q.* 2295. This was a high desk? *A.* Yes, sir.

×-*Q.* 2296. At which you stood? *A.* Yes, sir.

×-*Q.* 2297. Well, that book was on that desk all day, wasn't it, during business hours? *A.* Yes, sir.

×-*Q.* 2298. You took the books out from the vault in the morning, did you? *A.* As a rule.

×-*Q.* 2299. And put them back at night? *A.* As a rule.

×-*Q.* 2300. As a rule. Now, just illustrate how Mr. Dresser turned over those pages — what he did. *A.* Well, he would stand up in front of the book —

×-*Q.* 2301. And, in the first place, he was an old gentleman? *A.* I beg your pardon?

×-*Q.* 2302. He was an old gentlemen? *A.* Yes, sir. He would stand there and turn over pages, glancing over them from time to time, different pages. Of course I couldn't see what he was looking at, or where he was looking. He would turn them over for a

few moments [*illustrating by turning over the pages*], and go over to Mr. Earl's desk and get the daily statement, and talk with Mr. Earl for a few minutes, and turn round and go back to the directors' room.

×-*Q.* 2303. Turning over those pages wouldn't enable him, of course, to ascertain the correctness of your footings in the balance column or in the total check column, would it? *A.* No, sir.

×-*Q.* 2304. And up to that time what was the practice in the bank in regard to the daily efforts that were made to keep the books straight, and the other methods? First state what was the daily practice about reporting or correcting balances at the end of the day. *A.* Why, at the end of each day we would carry forward the accounts that we had changed.

×-*Q.* 2305. How many accounts, roughly speaking, did you have? *A.* How many accounts on the book were changed, or how many accounts altogether?

×-*Q.* 2306. No; how many accounts altogether? *A.* Why, between four and five hundred.

×-*Q.* 2307. Well, now, go on with your answer, please. *A.* And we would add up checks and deposits, prove them with Mr. Earl's book.

×-*Q.* 2308. I wish you would state it a little more in detail. I wish you would state, so that we can all understand it, just what was done at the close of business, just what was done about balancing your books — that was the object of it, wasn't it? *A.* Yes, sir.

Mr. NAY. What was done by him?

Mr. MORSE. No; what was done by them all. What was done by you, what was done by Mr. Earl, and what was done by others, what the mode of procedure was.

The WITNESS. Well, at the end of the day Mr. Earl and I —

×-*Q.* 2309. This was after the bank had closed for business? *A.* Yes; at the end of the day Mr. Earl and I would compare our checks and deposits.

×-*Q.* 2310. How would you do it? *A.* I added up the checks

deposited on my book, and he added up the checks deposited on his book, and we compared them.

×-*Q.* 2311. Ought those to agree?

Mr. NAY. Compared what?

The WITNESS. The checks and deposits.

Mr. NAY. Every item?

The WITNESS. No; the total amounts.

×-*Q.* 2312. Should those agree if the books were properly kept? *A.* Yes, sir.

×-*Q.* 2313. And did they in fact agree,—I mean during this period up to the time of this $17,000 drop from Mr. Dresser's account,—did the checks figured up by yourself and figured up by Mr. Earl agree? *A.* Yes, sir.

×-*Q.* 2314. In all cases? *A.* Yes, sir.

×-*Q.* 2315. There wasn't a mistake? *A.* No, sir.

×-*Q.* 2316. And that was the truth, too, wasn't it,—that is the way that the books stood at that time? *A.* Yes, sir.

×-*Q.* 2317. That is to say, all checks that he had on his book were the same as the checks that you had? *A.* On my book—with my comparing them they were.

×-*Q.* 2318. Where were these checks that you had drawn and given to Mr. Reinhardt? *A.* Of course they would come in in the form of my personal checks.

×-*Q.* 2319. Well, how could his footing of checks agree with yours? *A.* Why, if I added up a footing $600 more, and there should be a check for that amount, if we didn't check off each individual check or footing, it would agree with him.

×-*Q.* 2320. That may be quite clear, but I don't get it.

Mr. NAY. He simply means that the footings that he put on the books agreed with Earl's.

×-*Q.* 2321. Mr. Earl's account agreed with yours on the checks received through the clearing house? *A.* Yes, sir.

×-*Q.* 2322. You had given him the gross amount? *A.* Yes, sir.

×-*Q.* 2323. And then the checks over the counter he kept account of himself? *A.* Yes, sir.

×-*Q.* 2324. And those two represented all the checks that were presented and paid that day? *A.* Yes, sir.

×-*Q.* 2325. And those were in fact the true sums — that was the real amount that had been drawn from the bank that day? *A.* Yes, sir.

Mr. NAY. That is, the clearing checks and the counter checks?

Mr. MORSE. Yes.

×-*Q.* 2326. Only your checks from the clearing house included these checks which you had drawn? *A.* Yes, sir.

×-*Q.* 2327. Of which Mr. Earl did not have the details? *A.* No, sir.

×-*Q.* 2328. Well, those amounts agreed in every instance, did they? *A.* Well, we might find some variation, and we would hunt it up.

×-*Q.* 2329. And correct it? *A.* And correct it.

×-*Q.* 2330. Then what was the next thing that you did? *A.* And after that Mr. Earl and the messenger compared their checks, that is, the out of town checks, to see that they agreed.

×-*Q.* 2331. What do you mean by that? *A.* The checks that were received on other banks we would list them for the clearing house, or in our case we would send them to the Shawmut Bank.

Mr. NAY. You mean deposits that came in?

The WITNESS. Yes, checks on deposits. Mr. Earl and the messenger compared those to see if those agreed, and, if not, they corrected them. And then Mr. Earl and the teller would compare their balances to see if they agreed. If all three agreed, everything was all right. It was supposed to agree.

×-*Q.* 2332. How long did all that take? *A.* Of course according to the amount of business done in the day. It might take fifteen minutes, it might take an hour, it might take two hours.

×-*Q.* 2333. How often did you find any errors? *A.* Very often. We would find errors in listing the checks on the deposits, on the depositors' deposit slips.

×-*Q.* 2334. And that was the whole of it, was it? *A.* Yes, sir.

×-*Q.* 2335. Now, all that was the true condition of the bank,

except in the fact that you had drawn out these amounts on these checks? *A.* Yes, sir.

×-*Q.* 2336. That examination did not involve the statement of the balances to the credit of the individual depositors? *A.* No, sir.

×-*Q.* 2337. Then what was the examination, or the procedure, twice a week, that was referred to? *A.* Twice a week I carried all the balances on the depositors' ledger forward, what we call forward.

×-*Q.* 2338. That is, you extended these? *A.* Extended them all forward on Tuesdays and on Thursdays — Tuesdays or Monday night — and they were to be added up, the totals of all the pages were supposed to agree with the total of Mr. Earl's book.

×-*Q.* 2339. That is, the total balances to the credit of the depositors, do you mean? *A.* Yes, sir.

×-*Q.* 2340. Where did he get his figures from? *A.* From his own book.

×-*Q.* 2341. I know; but what was the material on his own book which would give him those figures? *A.* He has the checks and deposits every day, and all he has got to do is to add or subtract, whichever way it goes, from his balance of the night before.

×-*Q.* 2342. Now, I wish you would take Mr. Earl's book as well as your own for this date when the $17,000 was dropped — I want to take the day on which this $17,000 was dropped from Mr. Dresser's account, and to go through that day with a view of seeing just what you did at that time, so far as the daily checking up is concerned. Now, if you will find April 30 on this book. You didn't have Mr. Earl's book before you, did you?

Mr. NAY. The witness has before him the depositors' ledger of April 30, 1907, and Mr. Earl's book at the page of April 30, 1907.

[No interrogatory numbered 2343.]

×-*Q.* 2344. When you were doing all this were you and Mr. Earl and the teller close together, or at your own desks, or what were your relative positions to each other? *A.* Different desks.

×-*Q.* 2345. You had your ledger before you? *A.* Yes, sir.

×-*Q.* 2346. Mr. Earl had his? *A.* Yes, sir.

×-*Q.* 2347. And where was the teller? *A.* At his desk.

X-*Q.* 2348. Where was his desk with reference to you and Mr. Earl? *A.* He was about opposite to Mr. Earl, and in front of me.

X-*Q.* 2349. Over there where Mr. Bunker sits, for instance? *A.* Mr. Bunker is Mr. Earl, we will say; his Honor is Mr. Paul, the teller, or whoever was teller, and back here was myself.

X-*Q.* 2350. Here is where you stood? *A.* Yes, sir.

X-*Q.* 2351. Here is your book in front of you? *A.* Yes, sir.

X-*Q.* 2352. Where was Mr. Earl? *A.* Over where Mr. Bunker is.

X-*Q.* 2353. And how far from you? *A.* Six feet.

X-*Q.* 2354. Facing you? *A.* No, sir.

X-*Q.* 2355. Then he was not in the same relative position to you that Mr. Bunker is? *A.* No, sir.

X-*Q.* 2356. He was on the same side? *A.* Yes, sir.

X-*Q.* 2357. You mean he sat over here? *A.* His desk was facing just the opposite way from what Mr. Bunker is.

X-*Q.* 2358. On a line with you? *A.* Yes, sir.

X-*Q.* 2359. His desk is here at your right? *A.* Yes, his desk is here at my right.

X-*Q.* 2360. You keep pointing over there. Now, your right is here, isn't it? *A.* Yes, sir.

X-*Q.* 2361. Very well. Here is where he sat? *A.* Yes, sir.

X-*Q.* 2362. And where was the teller? *A.* Over here to my left.

X-*Q.* 2363. On the same line with you? *A.* On the same line with Mr. Earl.

X-*Q.* 2364. On the same line with you, too, wasn't it? *A.* Yes, sir.

X-*Q.* 2365. I thought you said Mr. Earl was on the same line with you at the right? *A.* He was.

The WITNESS. Here is Mr. Earl's desk [*proceeding to make a sketch*].

Mr. NAY. Write Earl's name beside that.

Mr. MORSE. Put an "E" there.

The WITNESS. I was standing here.

X-*Q.* 2366. With your back to him? *A.* Yes, sir, and my book was facing him.

X-*Q.* 2367. That can't be. *A.* Yes, my back to him and the book was facing him.

Mr. PILLSBURY. In the same sense in which the book is facing you now — that is what he means.

The WITNESS. Mr. Paul stood here and I stood here. Here is the entry and here is a partition here.

×-*Q.* 2368. Which is the public entrance? *A.* Out here.

×-*Q.* 2369. You were between Mr. Earl and Mr. Paul, were you not? *A.* When I was standing here, sir.

×-*Q.* 2370. That is where you were during these proceedings? *A.* Yes, sir.

×-*Q.* 2371. You were standing with your back to Mr. Earl? *A.* Yes, sir; or, pardon me. Mr. Earl used to use a desk along here a great deal at another counter. His books were usually placed on here and he stood here.

×-*Q.* 2372. That would make you back to back? *A.* Yes, sir. That was his desk there; that was the teller's desk, the paying and receiving teller.

×-*Q.* 2373. What was the distance from your desk to his? *A.* Not over six feet.

×-*Q.* 2374. And from his desk to the teller's? *A.* About the same distance.

×-*Q.* 2375. Now, take it this very day and just illustrate what you said and what he said and what the teller said, in their order, as you were doing this work which you say you did at the end of each day. *A.* We never said a word.

×-*Q.* 2376. What happened after the bank was closed? *A.* I added up my checks and deposits, took the total and went over and looked at Mr. Earl's book, and compared mine with his; or if he got his added up he would come over and compare his with mine.

Mr. BUNKER. Did he ever come over to look at yours?

The WITNESS. He would come over if he got his added up first.

×-*Q.* 2377. Did you take a pencil memorandum of the footings of yours, and take it over and compare them? *A.* Yes.

×-*Q.* 2378. Then what you did was to foot up your deposits and checks? *A.* Yes, sir.

×-*Q.* 2379. And balances? *A.* No, sir.

×-*Q.* 2380. But the deposits and checks? *A.* Yes, sir.

×-*Q.* 2381. Put those on a piece of paper? *A.* Yes, sir.

×-*Q.* 2382. And take those over to Mr. Earl's desk? *A.* Or he took his over to mine.

×-*Q.* 2383. Or he took his over to yours and compared them. Now, will you just compare the figures on that day as you find them on this book?

[*The witness proceeds to write down figures from the book.*]

Mr. MORSE. That had better be marked as an exhibit.

[*The plan made by the witness, showing the relative positions of Mr. Earl, the teller and himself, is marked* "Exhibit 130, R. H. J."]

×-*Q.* 2384. What have you been figuring? *A.* The checks and deposits.

×-*Q.* 2385. You have been figuring the total checks drawn on that day? *A.* Yes, sir.

×-*Q.* 2386. And the total deposits made that day? *A.* Yes, sir.

×-*Q.* 2387. What do you find to be the total checks drawn on that day? *A.* $16,566.27.

×-*Q.* 2388. Now, is that the true statement of the checks that were drawn, or not — I mean were those checks actually presented there? *A.* In some form; yes, sir.

×-*Q.* 2389. And did those include your own checks? *A.* If there happened to be any on that day.

×-*Q.* 2390. That is, they included all checks that were actually presented and paid by the bank that day? *A.* Yes, sir.

×-*Q.* 2391. Then the other column, the footing is how much? *A.* $17,295.14.

×-*Q.* 2392. And that is a correct statement of the deposits that day, is it? *A.* It doesn't seem so on the book.

×-*Q.* 2393. Well, before looking at Mr. Earl's book, I want to see if your own figures are correct. Have you added them up correctly? *A.* I don't know.

×-*Q.* 2394. Well, look them over. [*The witness proceeds to make the addition.*] So far as the checks are concerned, this

footing of yours agrees with the footing of Mr. Earl's book, does it not? *A.* $16,566.27.

×-*Q.* 2395. And on Mr. Earl's book it is $16,999.34? *A.* This is it.

×-*Q.* 2396. Then you have got it correct, have you? *A.* Yes, sir.

×-*Q.* 2397. Then do they correspond? *A.* Yes, sir.

×-*Q.* 2398. Then the footing on your book and the footing on Mr. Earl's book agree on that day? *A.* Yes, sir.

×-*Q.* 2399. What next was done besides this comparison? *A.* That is all I had to do.

×-*Q.* 2400. I know; but what did the teller and Mr. Earl do? *A.* Mr. Earl takes his statement and takes his deposits, and he takes his credits and his loans, Shawmut National Bank, Girard National Bank, Hanover National Bank, and his checks and his deposits, and his credits and loans, Shawmut Bank, Girard Bank and Hanover, and the difference should be the correct amount of cash on hand in the bank at that time.

×-*Q.* 2401. That is not very intelligible to me. Why can't you illustrate that by putting down on a sheet of paper just what is done? *A.* Do you want me to do it?

×-*Q.* 2402. I don't care for any figures, but I want to know what the items are that he puts on one side and what on the other on that side of the account.

Mr. NAY. What Mr. Earl puts down.

The WITNESS. Yes.

×-*Q.* 2403. State what he puts on one side of the account, and what on the other. *A.* Puts his deposits.

×-*Q.* 2404. Deposits of that day? *A.* Yes, deposits of that day; and then the debit and loan —

×-*Q.* 2405. That is, the loan due from the bank, or to the bank? Which do you mean? *A.* From the bank; and debit of the National Shawmut Bank, and the Girard Bank and the Hanover Bank.

×-*Q.* 2406. Those are all liabilities? *A.* Yes, sir.

×-*Q.* 2407. Of the City Bank? *A.* Yes, sir.

×-*Q.* 2408. Does that make the whole of that side of the account? *A.* No.

The MASTER. Liabilities? They are credits.

The WITNESS. No; resources.

Mr. MORSE. Well, resources, then. I thought you said the amount due. These were the resources, were they?

The WITNESS. These were the resources.

×-*Q.* 2409. That is the whole of one side of the account? *A.* Yes, sir.

×-*Q.* 2410. What did he put on the other side? *A.* He takes his checks, credit, loan, credit of the National Shawmut Bank, credit Girard National, Hanover National.

×-*Q.* 2411. And the difference would show the amount on hand? *A.* Yes, sir.

×-*Q.* 2412. Do you mean the amount on hand in the vault? *A.* Yes, sir, or in the drawer.

×-*Q.* 2413. Well, inside the bank? *A.* Yes, sir.

×-*Q.* 2414. And the teller counts that, or reports that, doesn't he? *A.* Yes, sir.

×-*Q.* 2415. Does that appear in any written report that the teller makes, or how is it given to Mr. Earl? *A.* The teller makes a report and compares it with Mr. Earl.

×-*Q.* 2416. Then the result of these two tests would be, on the one hand, to satisfy Mr. Earl that the account, as regards the checks and the deposits, was correct— *A.* Yes, sir.

×-*Q.* 2417. —and, on the other hand, to satisfy him that the cash on hand represented all that the bank ought to have? *A.* Yes, sir.

×-*Q.* 2418. And the whole falsification that existed at that time was in the fact that these clearing house checks included checks that you had drawn? *A.* Yes, sir.

×-*Q.* 2419. That is to say, that was not a falsification of the fact that there were checks, but those were not charged to any account at that time? *A.* They were not.

×-*Q.* 2420. Up to this 30th of April? *A.* They were not.

×-*Q.* 2421. And you had simply concealed them by taking them

out of the two items of balances which have been testified to? *A.* Yes, sir.

×-*Q.* 2422. Where on Mr. Earl's book is the statement of the amount of cash on hand that day? *A.* There [*indicating*].

×-*Q.* 2423. $30,000; is that it? *A.* Yes, sir; $30,517.91.

×-*Q.* 2424. Now, if the statement of Mr. Paul is here, I should like to compare it with that one. *A.* That is Mr. Earl's work.

Mr. NAY. There is one a week.

×-*Q.* 2425. What day of the week did you have this? *A.* Monday, or at the close of business Saturday, I think.

×-*Q.* 2426. I must ask you once more about the other tests that were made twice a week. State them once more. *A.* I would take the balance of the balance columns for the twelve pages, take them on a sheet of paper, list them, add them up, and compare them with Mr. Earl's figures. I think you will find this is for the same day,—$337,406.95.

×-*Q.* 2427. Was that a true statement of the deposits of the bank at the time? *A.* It was a true statement of Mr. Earl's; yes, sir.

×-*Q.* 2428. No; but— *A.* Yes, sir, that was a true statement.

×-*Q.* 2429. Don't you hand me these figures made by yourself? *A.* Yes, sir.

×-*Q.* 2430. Where do you get these figures from? *A.* From my book.

×-*Q.* 2431. Well, do those figures truly represent the condition— *A.* On that day; yes, sir.

×-*Q.* 2432. Well, was there any false entry in that, or in any part of it? *A.* Not in that; no, sir.

×-*Q.* 2433. That was a computation made by you from your book of the total deposits? *A.* Yes, sir, of that date.

×-*Q.* 2434. Let me see the column which you made that computation from. *A.* $18,904.89; that is the first one.

×-*Q.* 2435. Now, were all the entries in those columns correct? *A.* No, sir.

×-*Q.* 2435*a*. They were not? *A.* No, sir.

×-*Q.* 2436. Then these figures that you have given me are not the figures that appear on your books, are they? *A.* Yes, sir.

×-*Q.* 2437. But why should they exactly agree with Mr. Earl's? *A.* I had taken the $17,000 previous to this, and dropped it on Mr. Edwin Dresser's balance, and that would make the figures show correct, that is, agree with Mr. Earl's book.

×-*Q.* 2438. But Mr. Earl's book wouldn't have any record of a check, or any checks, that would account for the withdrawal of $17,000, would it? *A.* Only as totals, totals of the —

×-*Q.* 2439. In other words, you assume that up to that time your actual takings had amounted to $17,000? *A.* Yes, sir.

×-*Q.* 2440. And that you had really reported checks enough to Mr. Earl in these daily reports to come to $17,000? *A.* Yes, sir.

×-*Q.* 2441. Leaving still the question of that discrepancy to be accounted for. I will assume, then, that on that day you evened things up, so to speak, by dropping that $17,000? *A.* Yes, sir.

×-*Q.* 2442. I wish you would refer now to where that drop appears in the ledger. [*The witness does as requested.*] In order to get at that drop it is necessary to turn over how many pages? *A.* Twelve pages — fold them over.

×-*Q.* 2443. Or fold them over. Did you ever see Mr. Dresser fold over the pages? *A.* No, sir; I don't know that I ever have.

×-*Q.* 2444. Did you ever explain to him in any detail the methods by which these depositors' accounts were kept? *A.* I never did; no, sir.

×-*Q.* 2445. Then, out of all the five hundred accounts, up to that time the only one which had not been carried forward properly was Mr. Dresser's, was it? *A.* That is what I assume. There is that difference which I have not yet found.

×-*Q.* 2446. Now go on from that date, April 30, and tell me what is the next instance of a false entry by you, and of a taking by you. *A.* Will you allow me to refer to my book?

×-*Q.* 2447. Yes. Do you mean your memorandum? *A.* My memorandum. [*The witness consults his memorandum book.*] On August 17, 1907, the total of the total check column appears on the book as $3,333.95. The correct addition is $2,333.95, or a rise of $1,000.

Mr. Dean. What page?

The WITNESS. Page 12.

×-*Q.* 2448. What does that mean? *A.* It means a taking of $1,000.

×-*Q.* 2449. On that day? *A.* On that day.

×-*Q.* 2450. Do you find any irregularity of any sort between April 30 and that date, August 17? *A.* I couldn't say. I haven't been over the book thoroughly between those dates, every page.

×-*Q.* 2451. Have you found anything? *A.* I haven't found anything; no, sir.

×-*Q.* 2452. So far as you now know, was there any taking of money improperly from the bank, or any false entry, between those dates? *A.* Yes, sir; I find I have some more. On June 15, 1907, the total of the total checks appears on the book as $4,106.59, page 4. The correct footing should be $3,606.59, or a difference of $500.

×-*Q.* 2453. Do you find any other before August 16? *A.* This is June 15.

×-*Q.* 2454. I know, but you gave me August 17 first, and then you went back. *A.* I have some more here.

×-*Q.* 2455. All right. Give them. *A.* On June 25, 1907, the total of the total check column appears on the book as $321.37. The correct addition is $221.37, a difference of $100.

Mr. DEAN. What page is that, Mr. Coleman?

The WITNESS. Page 4.

×-*Q.* 2456. I think you may stop at that point before giving any further entries, because we find that the bank examiner examined the bank on the 6th of June. You don't have any record on your book, I suppose, of that date? *A.* No, sir.

×-*Q.* 2457. On Mr. Earl's book it appears to have been entered that the bank examiner was there June 6. Then the examination of the bank was made before any new taking by you, after the amount deducted from Mr. Dresser's account? *A.* I believe so.

×-*Q.* 2458. You had no notice of the exact time when the bank examiner would come, did you? *A.* No, sir.

×-*Q.* 2459. Do you remember who that bank examiner was? *A.* Mr. Currier, I believe.

×-*Q.* 2460. What did he do when he came to the bank?

Mr. PILLSBURY. This is in 1907?

Mr. MORSE. This is in 1907.

×-*Q.* 2461. If you remember what was done on this particular occasion, I wish you would state it; if you don't, state in general all that you recall. *A.* He usually gets to the bank about the time the bank opens —

Mr. NAY. That was what time?

The WITNESS. Eight o'clock. He comes in, shakes hands, discusses the weather conditions, lights up a cigar, wants to know how everything is going — everything all right? Goes into the directors' room, takes off his coat and hat, comes out and asks for the cash; he counts that, checks it up; he gets through with the cash; takes the loan in the bank, goes over that, checks it off; checks up the collateral double name paper, single name, time loans, demand; bad; separates them; talks them over; wants to know who this man is, and that man is — are you sure that that endorsement is all right, or this endorsement is all right? And he asks for the stock ledger; goes over the stock ledger, takes the minutes of the directors' meetings, looks them over; then he would take Mr. Earl's book and check that up with the loan; then he would come out and examine my ledger.

×-*Q.* 2462. What examination did he make? *A.* Why, he would come over and look at the ledger, glance it up and down, look at the large accounts, run his finger up and down the columns, take off the amount of the total deposits on the book, my book, at the date of the examination, carry them over to Mr. Earl's book, and see if they agree; he might ask about certain checks, certain accounts, and he might not.

×-*Q.* 2463. This drop from Mr. Dresser's account had never been changed by anything in the shape of a subsequent entry, had it? *A.* No, sir.

×-*Q.* 2464. So that there was absolutely nothing incorrect on your book on that date, and he couldn't have found anything incorrect, unless he got back to the 30th of April or preceding dates, could he? *A.* I believe not.

×-*Q.* 2465. He might have figured up every column, and he would have found everything right? *A.* Yes, sir.

×-*Q.* 2466. And he had no means of knowing whether that drop in Mr. Dresser's balance was correct or not until he got back to it unless he called up Mr. Dresser to find out if it was correct? *A.* Oh, yes.

×-*Q.* 2467. When he got back to it, of course? *A.* Yes, when he got back to it.

×-*Q.* 2468. These examinations were semi-annual? *A.* Yes, sir.

×-*Q.* 2469. How long would it have taken him to figure up the columns on all the pages on your book from the time of the last examination to ascertain whether there was anything wrong about the amount of the balances or the checks? *A.* Well, to just add up the columns, just the additions, would take him a good week.

×-*Q.* 2470. Take him a week. And you realized that, I suppose, at the time? *A.* I don't know as I ever thought of it in that way; no.

×-*Q.* 2471. Why, you were doing all these things with the purpose of concealing, and in the belief that you could successfully conceal, what you were doing from the persons who were in authority there, weren't you? *A.* Yes, sir.

×-*Q.* 2472. And you counted upon the fact that to go through these books and ascertain whether there were any errors in the footings would be a matter of taking a great deal of time of someone? *A.* Yes, sir.

×-*Q.* 2473. And that they might find page after page where the footings were perfectly correct? *A.* Yes, sir.

×-*Q.* 2474. Let me ask whether in fact at this examination, or any other, the bank examiner did discover any discrepancy in any depositor's account? *A.* Not to my knowledge.

×-*Q.* 2475. And if at this time he had by chance found this discrepancy in Mr. Dresser's account, that $17,000 had been dropped, what would he have done in order to ascertain whether that was proper, or justified, or a mistake, or what would he have done anyway about it? *A.* Well, he probably would have followed Mr. Dresser's account back for a while.

×-*Q.* 2476. What would you have done meanwhile? *A.* Well, if I had been making the examination —

×-*Q.* 2477. No, no; I am not supposing that you were the examiner, but supposing that you were the bookkeeper there, and you thought that Mr. Pepper, or Mr. Sayles, or Mr. Currier, or whoever the examiner was, had got on to the fact that there had been a drop in Mr. Dresser's account, what would you have done in order to prevent any disclosure involving you? *A.* I couldn't have done anything.

×-*Q.* 2478. Well, knowing that fact, you were always on the watch, were you not, to see that nobody got hold of the particular parts of these books which would bring out such a disclosure? *A.* Oh, no.

×-*Q.* 2479. It was a very easy thing for you, wasn't it, if a man was looking at this book, to turn over a page, or direct his attention to some other pages than the one on which there was an error? *A.* Yes, but I don't think anybody would dare to do that with a national bank examiner.

×-*Q.* 2480. Well, but the national bank examiner, I understand, didn't figure up the footings on your book. *A.* On that day, yes, sir, that he came.

×-*Q.* 2481. What? *A.* At the close of business of the day before he came.

×-*Q.* 2482. Of the day before he came? *A.* Yes, sir.

×-*Q.* 2483. Well, they were all right, as I understand it, in this particular case, at that time? *A.* Yes, sir.

×-*Q.* 2484. But supposing that Mr. Edwin Dresser had been in there at your desk turning over this account and he turned to a page, or you thought he was turning to a page, on which there was an incorrect entry, something that showed a drop from the true balance due him; it wouldn't have been a difficult matter for you to have found some occasion to turn over the pages, or direct his attention somewhere, would it? *A.* Oh, no, it ought not to be.

×-*Q.* 2485. And you always had in mind that recourse, did you? *A.* I never practiced it.

×-*Q.* 2486. No, I don't ask you about practicing it; but you

always had in mind that, with your facility, you could have diverted attention? *A.* If I was there; yes, sir.

×-*Q.* 2487. And you always were there? *A.* I used to go out to lunch and stay an hour, go out to see a customer, go to the post-office, go down the street, do an errand downtown and sometimes I have gone out a couple of hours during the day.

×-*Q.* 2488. Did you think you were running any risk in doing it? *A.* Well, I might have been running a risk and I was running a risk, but I used to do it.

×-*Q.* 2489. But you knew that it was a fact that, taking 100,000 entries on these books, 99,000 would be right if 1,000 were wrong, didn't you? *A.* At that time; yes, at that time.

×-*Q.* 2490. The great mass of the entries on these books were correct, weren't they? *A.* At that time; yes, sir.

×-*Q.* 2491. And you took your chances of the wrong entries being found? *A.* Yes, sir.

×-*Q.* 2492. Well, now, I had started in on this series of takings after the first one, but I stopped because the bank examination came in June. Now go on from the 25th of June, and what do you find after that date and before the 17th of August? *A.* I will call your attention to the restoration of $17,000 to the account of Edwin Dresser on July 11, 1907.

×-*Q.* 2492*a*. How was that accomplished? *A.* By raising his balance.

×-*Q.* 2493. Well, was there in fact a charging off of that $17,000 to anybody else? *A.* No, sir; I left that. That would leave the total of the balance column on that page $17,000 less than the actual balances.

×-*Q.* 2494. It must have been more than $17,000 if you had taken $600 more, musn't it? Did you say June or July? *A.* June.

×-*Q.* 2495. Oh, I thought you said July. *A.* No; June.

×-*Q.* 2496. Very well, then, you are right. You simply made the footing of those two columns wrong, did you, $17,000? *A.* Did what?

×-*Q.* 2497. You made incorrect footings for those two columns, checks and deposits? *A.* No, sir; just for the balance column.

×-*Q.* 2498. Well, but didn't you have to make a change in the check column? *A.* No, sir.

×-*Q.* 2499. It was simply a false footing of the balance column, was it? *A.* No, sir; a raise of Mr. Edwin Dresser's balance.

×-*Q.* 2500. Well —

Mr. PILLSBURY. It is a raise of Mr. Dresser's balance and then a correct footing of the balance column as so raised?

The WITNESS. That would make a correct footing of the balance column.

×-*Q.* 2501. Was the footing of the balance column actually a correct footing or an incorrect footing? *A.* With the raise of $17,000 it was an incorrect footing.

×-*Q.* 2502. Well, show us that column, if you will. That is June 11th. *A.* [*Turning to the entry.*] Here is the total of that column, $43,603.74; there is Mr. Dresser's balance, forty-five thousand and something, and there is $17,000 difference in that column.

×-*Q.* 2503. Why did you restore that $17,000 to Mr. Dresser's account? *A.* I thought Mr. Dresser might come along and look at the book and find it.

×-*Q.* 2504. He never had done such a thing, had he? *A.* Not to my knowledge.

×-*Q.* 2505. Had Mr. Dresser drawn any checks in the meantime? *A.* Between the drop and the restoration?

×-*Q.* 2506. Yes. *A.* I couldn't say.

×-*Q.* 2507. Or made any deposits? *A.* I find a check on May 23, 1907, of $7,200; that is all.

×-*Q.* 2508. That is the only one you find? *A.* That is the only one I find.

×-*Q.* 2509. I wish you would go on now from this date of June 25 and state whether there are any other false entries or takings of money before August 17. *A.* On June 25 — this is in the footings — at the close of business June 24, 1907, on page 4, the total of the balance column appears on the ledger as $40,015.78; June 25, 1907, page 4, checks to the amount of $321.37; deposits to the

amount of $106. Carried forward as $57,400.41, or a difference of $17,600.

×-*Q.* 2510. That is June 25? *A.* That is June 25, at the close of business June 25.

×-*Q.* 2511. That is the exact amount of the total taking up to that time, isn't it? *A.* Yes, sir. That is, I forced the total balance on that page to agree with the amount of deposits on that page, so that all the total balances on the twelve pages and Mr. Earl's total balance would be $17,600 different.

×-*Q.* 2512. But this doesn't affect the Dresser account, which you have restored to its proper condition? *A.* No.

×-*Q.* 2513. And this $17,600 is not charged to anybody's account? *A.* No, sir.

×-*Q.* 2514. It is simply a false statement, a false footing? *A.* Yes, sir.

×-*Q.* 2515. To account for the loss of that money? *A.* Yes, sir.

×-*Q.* 2516. And you have to go twelve pages to go from one balance to the other, don't you? *A.* Yes, sir.

×-*Q.* 2517. Well, now, go on from that and state what next was done by you in the way of false entries, or the improper taking of money. *A.* On August 3, 1907, the total of the total check column appears on the book as $1,098.57. The correct footing should be $698.57, a difference of $400.

×-*Q.* 2518. And that is page what? *A.* Page 4. On August 7, 1907, page 4, the total of the total check column appears on the book as $1,045.12. The correct addition is $445.12, a difference of $600. On August 8, 1907, page 4, the total of the total check column appears on the book as $1,147.28. The correct addition is $147.28, a difference of $1,000. The total of the balance column at the close of August 7, page 4, appears on the books as $56,276.58; checks, total checks, taken out August 8, to the amount of $1,147.28; carried forward as $56,729.30, a difference of $1,800.

×-*Q.* 2519. $1,800 or $1,600? *A.* A difference of $1,600.

×-*Q.* 2520. What? *A.* A difference of $1,600.

×-*Q.* 2521. What is this date that you are talking about, the

7th or 8th? *A.* This is at the close of business August 8. There was $600 on the 7th.

×-*Q.* 2522. Where is that drop? *A.* This last one is a rise of $1,600 at the close of business on the 8th. It offsets those two amounts.

×-*Q.* 2523. Well, that was incorrect, was it? *A.* Yes, sir.

×-*Q.* 2524. Why was that made? *A.* To make the addition of the balances on page 4, at the close of business August 8, add up correctly.

×-*Q.* 2525. Does this represent any taking of money? *A.* No, sir.

×-*Q.* 2526. The amounts that you had taken up to this time since the $17,600 drop were $400, $600 and $1,000? *A.* Yes, sir.

×-*Q.* 2527. Let me stop at this point to ask you, on another subject,— when did you get your automobile? *A.* I think it was 1908.

×-*Q.* 2528. Are you sure it was not 1907? *A.* I am not positive; no, sir.

×-*Q.* 2529. Have you any way of fixing it? *A.* No; the only way I can fix it is to look up the registration, or have it looked up.

×-*Q.* 2530. You don't remember? *A.* No, sir.

×-*Q.* 2531. Did you buy it? *A.* I paid part cash and part allowed me on commission.

×-*Q.* 2532. How much did you pay in cash? *A.* I think it was either six or eight hundred dollars.

×-*Q.* 2533. How much was allowed you for commission? *A.* Ten per cent.

×-*Q.* 2534. Ten per cent on what? *A.* The price of the car.

×-*Q.* 2535. What was the price of the car? *A.* Anywhere from $1,200 to $3,500.

×-*Q.* 2536. What did this particular car cost you? *A.* $800; six or eight hundred dollars; I think it was $800.

×-*Q.* 2537. How large a car was it? *A.* Thirty horse power, two-seated, rumble seat.

×-*Q.* 2538. Were you employed by this Kissel Company? *A.* No, sir.

×-*Q.* 2539. That was the kind of car, wasn't it? *A.* Yes, sir.

×-*Q.* 2540. Were you an officer of that company? *A.* Not at that time.

×-*Q.* 2541. Were you at any time? *A.* I was.

×-*Q.* 2542. What time? *A.* A year later, I believe,— or perhaps — yes, a year later, I was treasurer of the company.

×-*Q.* 2543. President? *A.* Treasurer.

×-*Q.* 2544. Well, at the time that you bought the car had you any connection with them? *A.* Only that they were friendly, and they allowed me ten per cent on any car I sold.

×-*Q.* 2545. Did you sell any car? *A.* I sold two or three.

×-*Q.* 2546. And this price that you speak of that you paid for yours included, did it, the commissions that you got? *A.* The car that I had was one of their old demonstrating cars.

×-*Q.* 2547. It was not a new car? *A.* No, sir.

×-*Q.* 2548. An old car? *A.* Yes, sir; one that they had used for demonstrating purposes.

×-*Q.* 2549. Did I understand that the amount that it actually cost you, including the cash you paid and the allowance made to you for commissions for the sale, was $800, or that you got commissions besides? *A.* $800 was what the car cost.

×-*Q.* 2550. What I want to get at is this: How much of that $800 did you pay in cash? *A.* I think I paid pretty much the whole of it.

×-*Q.* 2551. How did you get your commissions? *A.* By selling the cars.

×-*Q.* 2552. I know, but were those commissions paid you independently of what you paid for the car? *A.* Yes.

×-*Q.* 2553. Then they had nothing to do with the price that you paid for the car, had they? *A.* No, sir.

×-*Q.* 2554. You bought the car and paid for it? *A.* Yes, sir.

×-*Q.* 2555. Besides that, you were paid commissions for cars which you sold? *A.* Yes, sir.

×-*Q.* 2556. And you sold three or four? *A.* I should say up to that time three, I believe.

×-*Q.* 2557. And what were the prices of the cars that you sold? *A.* I think they were the $1,500 cars.

×-*Q.* 2558. What was the price of the new car of the kind that you bought? *A.* $1,500.

×-*Q.* 2559. And the price to you was $800? *A.* Yes, sir.

×-*Q.* 2560. An old car? *A.* Yes, sir.

×-*Q.* 2561. And it was an open car, I suppose? *A.* Yes, sir.

×-*Q.* 2562. And that is the car, and the only car, that you owned? *A.* At that time; yes, sir.

×-*Q.* 2563. Well, when did you own another one? *A.* I owned another one a year later.

×-*Q.* 2564. What year? *A.* If I had the first car in 1907–8, I had the next in 1909.

×-*Q.* 2565. Were you treasurer of the company at that time? *A.* Yes, sir, I was.

×-*Q.* 2566. Did you buy that second car? *A.* No, sir.

×-*Q.* 2567. How did that come to you? *A.* We used it as a demonstrating car, and I turned my old car in.

×-*Q.* 2568. You didn't pay anything for that second car? *A.* Yes, I had to pay something; I turned my old car in to the company.

×-*Q.* 2569. But aside from that you didn't pay anything? *A.* No, sir.

×-*Q.* 2570. Then your automobile transactions consisted in your buying a second-hand car in the beginning and paying $800? *A.* Yes, sir.

×-*Q.* 2571. And later turning that car over to them and taking a second car, and paying nothing for the new car beyond that? *A.* No, sir.

×-*Q.* 2572. And you did, besides that, sell three cars? *A.* Yes, sir; more than that.

×-*Q.* 2573. And got your commissions besides? *A.* More than that.

×-*Q.* 2574. How many in all? *A.* Before I became interested in the company?

×-*Q.* 2575. No; in all. *A.* Of course the company sold a great number of them; I can't say just the number.

×-*Q.* 2576. But how many did you sell? *A.* I did sell one, I believe, or two —

×-*Q.* 2577. I ask you a simple question: How many cars in all did you sell for the company on commission,— you personally? *A.* I received a salary after I became —

×-*Q.* 2578. I didn't ask you that. What I want to know is how many cars you sold? *A.* Three cars.

×-*Q.* 2579. And you got your commissions on those sales? *A.* Yes, sir.

×-*Q.* 2580. Ten per cent? *A.* Yes, sir.

×-*Q.* 2581. Then you received a salary as treasurer? *A.* Yes, sir.

×-*Q.* 2582. How much? *A.* Well, about $50 a month, I should say.

×-*Q.* 2583. From what time was that? *A.* From the time I became treasurer of the company until the time I left them.

×-*Q.* 2584. And that was the car — or which car was it that stood outside of the bank? *A.* I think both stood outside of the bank at different times.

×-*Q.* 2585. You never owned two cars at the same time? *A.* No, sir.

Mr. Morse. I wish to say now again, so that there may be no misunderstanding, that between now and Monday I would like to have you do all that you can in the way of answering the inquiry as to when first you took money from the bank, other than this $2,000 transaction, and when first you made false entries on the books, and to give consecutively, as well as you can, all the false entries from the beginning, and all the takings of money from the beginning, down to the dates we have reached.

×-*Q.* 2586. Did Mr. Earl speak to you at any time about any report to him about your running around with a woman in an automobile? *A.* No, sir.

×-*Q.* 2587. Did anyone connected with the bank speak to you about it? *A.* Not about my running around with a woman in an automobile; no.

×-*Q.* 2588. Well, anything about a woman? *A.* I believe at one time Mr. Earl came to me and said that one of the policemen

on the beat there complained to him that I was running around with a woman, and that he didn't think it was just proper, and that he thought they ought to know it.

×-*Q.* 2589. And what did you say in reply? *A.* I told Mr. Earl it was none of the policeman's business who I went around with or what I did.

×-*Q.* 2590. Didn't you tell him you were engaged to her? *A.* I don't remember doing so.

×-*Q.* 2591. Are you sure? *A.* I am not positive; I don't remember of doing it.

×-*Q.* 2592. Did she ever come to the bank to see you? *A.* I believe she had come in the bank; yes, sir.

×-*Q.* 2593. More than once? *A.* I should say so.

×-*Q.* 2594. Well, did anything occur in connection with her coming to the bank, or being at the bank, which was in any way out of proper course,— I mean was there anything other than the action of a lady in the bank? *A.* No, sir.

×-*Q.* 2595. How long was she there at a time? *A.* Probably a minute, or two minutes.

×-*Q.* 2595*a*. And how often did it occur? *A.* What period of time are you referring to now?

×-*Q.* 2596. At any time while you were bookkeeper. *A.* Why, not very often; I should say very infrequently.

×-*Q.* 2597. What is it? *A.* I should say very infrequently.

×-*Q.* 2598. Well, what do you mean by that? *A.* Very seldom; perhaps she would come in once a month, perhaps once every three months.

×-*Q.* 2599. Not oftener than that? *A.* And she might come in once or twice in one week.

×-*Q.* 2600. And come in for a minute or two at a time? *A.* For a minute or two; yes, sir.

×-*Q.* 2601. Didn't you tell Mr. Earl that you were engaged to her? *A.* I don't remember of doing so.

×-*Q.* 2602. May you have told him so? *A.* I may have, but I don't remember it.

Mr. MORSE. I will have marked copies of three or four letters,

from either the cashier or the president of the National City Bank to the Comptroller, produced by Mr. Nay at my request, and which I understand to have been in the receiver's possession. The first letter is one of October 5, 1904, from Mr. Earl, as cashier, to the Comptroller:

"NATIONAL CITY BANK OF CAMBRIDGE,
Cambridgeport, Mass.
Edwin Dresser, President. Frank L. Earl, Cashier.

Oct 5 1904

Hon. Comptroller of Currency, Washington, D. C. Copy

Dear Sir: In regard to the recommendations contained in your letter of Sept. 6th, I beg to say that at our meeting on Monday next we shall charge off Fifteen hundred dolls. ($1,500.) on the Geo. M. Smith note, Sixty-two dolls. 50/100 ($62.50) a/c Stocks Securities &c and 50% of the overdraft 50% having already been paid. The Henderson matter is still in process of settlement in Court, expect will be adjusted this fall. I am very respectfully yours.

F. L. EARL, Cash."

[*Marked* "Exhibit 131, R. H. J.".]

Next is a letter from Mr. Dresser to Mr. Ridgely, dated January 10, 1907:—

"Hon. W. B. Ridgely, Comptroller of Currency,

Dear Sir. In replying to your letter of Dec 28, in regard to Mr. Peppers report that this bank holds $3,225.69 in bad paper I beg to say that we hold 32,500 feet of land in City of Boston containing 5 house lots which we value at 23c. per foot. We took this security on Nov 26, 1904, it is in the hands of R. Est Agents and we hope that we can find a purchaser for it next Spring. I trust you will pardon my delay in replying to your letter, as this is my first opportunity. Hoping this explanation will prove satisfactory I am very truly yours, EDWIN DRESSER Prest.

Copy."

[*Marked* "Exhibit 132, R. H. J.".]

The next is a letter from Mr. Earl, cashier, to Mr. Kane, Deputy Comptroller of Currency, dated June 29, 1908.

"Hon. T. P. Kane, Dep Comptroller of Currency Wash D. C.

Copy

Dear Sir. Your letter of 19th inst has been received, submitted by the President, and in reply would beg to state that the Collateral Note of Bond & Goodwin Ten thousand Dolls ($10,000) was paid they day following receival of your letter.

As regards the paper classed by your Dept as bad debts, we have chgd to Profit & Loss a/c The L. W. Cutting paper, also $375 on a/c of Michigan State Tel Bonds.

The notes of J. A. Wood, Curtiss, Leggett & Co and Belding Hall Mfg Co. are in the hands of Trustees in process of Collection and Settlement. The Directors would ask that they be allowed to await final settlement of these claims so they can act understandingly in the matter.

I am very respectfully F. L. Earl Cash."

[*Marked* "Exhibit 133, R. H. J."]

The last letter of which I have a copy is from Mr. Dresser, President, to Mr. Murray, Comptroller, dated December 18, 1908:—

"Cambridge, Mass., Dec 18, 1908

Hon. Lawrence O. Murray, Comptroller of the Currency, Washington, D. C.

Dear Sir:—In reply to your letter of the 11th. inst. I beg to say that at your suggestion we have charged to Profit and Loss a/c, notes of C. H. Wildes $865.00 and Belding-Hall Mfg Co. $2500.00. As regards the other items under head of 'Overdue Paper' and 'Bad Debts' they are still in the hands of Trustees, and we do not know just what the dividends will be, and would like to await further payments on them. In the matter of lawful money reserve, I was puzzled to understand why it was mentioned, as we have always been very particular to keep our lawful money separate. I have talked with Mr. Pepper, the examiner since receiving your letter, and he said he did not intend in his report, to criticise the manner of keeping the reserve, but on the contrary, complimented us very highly saying our money was always in excellent shape, and requested us to so state in our letter. The other matters contained in your letter shall receive our attention.

Hoping this reply will prove satisfactory to your department, I am

Very respectfully,

Edwin Dresser President."

[*Marked* "Exhibit 134, R. H. J."]

×-*Q.* 2603. Do you want to, or will you while we are waiting, take another sheet of paper, and, with a little more care, make a sketch of that room? *A.* Yes, sir.

×-*Q.* 2604. Would you rather have it ruled or not? *A.* It doesn't make any difference to me.

×-*Q.* 2605. Well, I want to have you take a straight edge and get it as accurate as you can. There is the sketch that you made the other day [*passing to the witness Exhibit 130*]. *A.* Do you want the whole room?

×-*Q.* 2606. I want the whole floor, showing all the quarters of the bank, and then the relative positions of the different officers, and the directors' room.

[*The witness, having completed his sketch of the arrangement of the banking rooms, presents it to Mr. Morse.*]

×-*Q.* 2607. This plan, as I understand it, represents the street entrance on Massachusetts Avenue? *A.* Yes, sir.

×-*Q.* 2608. At this point? *A.* Yes, sir.

×-*Q.* 2609. Then, entering into the bank at the left, is the ladies' room? *A.* Yes, sir.

×-*Q.* 2610. At the right is a desk? *A.* Yes, sir.

×-*Q.* 2611. Then here is an open space? *A.* Yes, sir.

×-*Q.* 2612. You come up to a counter here, which is the teller's counter? *A.* Yes, sir.

×-*Q.* 2613. And the teller stands behind that? *A.* Yes, sir.

×-*Q.* 2614. And there is grilled work across here? *A.* Yes, sir.

×-*Q.* 2615. Which does not extend to the ceiling, I suppose? *A.* No, sir.

Mr. NAY. There was no cage there.

Mr. MORSE. No, no cage, but grilled across the front.

The WITNESS. Yes, sir.

×-*Q.* 2616. Then the table in the rear of the teller was used for what purpose? *A.* The messenger used that, or it was used for anything,—to put pass books on, or to sort checks.

×-*Q.* 2617. Was that the place that Mr. Earl referred to in his

evidence as the place where the packages from the post-office were laid? *A.* Yes, sir.

×-*Q.* 2618. Then on the left of the teller is a desk, which was called Mr. Earl's desk, was it? *A.* Yes, sir.

×-*Q.* 2619. And the round "O" indicates his chair? *A.* Yes, sir.

×-*Q.* 2620. What sort of a desk was that? *A.* A regular roll-top desk.

×-*Q.* 2621. A roll-top desk? *A.* Yes, sir.

×-*Q.* 2622. The desk here in the rear was your desk? *A.* Yes, sir.

×-*Q.* 2623. And this round "O" indicates your position at that desk? *A.* Yes, sir.

×-*Q.* 2624. You stood at that desk? *A.* Yes, sir.

×-*Q.* 2625. And faced the rear of the room? *A.* Yes, sir.

×-*Q.* 2626. And that was a high desk, as you have stated? *A.* Well, the desk was not high, but I had a stand built on top of the desk.

×-*Q.* 2627. So that the book was higher? *A.* Yes, sir.

×-*Q.* 2628. How high up from the ground was this depositors' ledger? *A.* About level with my face. My face was about level with the book.

×-*Q.* 2629. Then, standing as you are now, the ledger was about up to your chin? *A.* The middle of it; yes.

Mr. NAY. Inclined.

Mr. MORSE. Inclined.

×-*Q.* 2630. And how large a desk was it? As the ledger was open, how much space was there besides that occupied by the book? *A.* None.

×-*Q.* 2631. So that practically the book filled the whole top of the desk? *A.* Yes, sir.

Mr. NAY. The book when it was open.

Mr. MORSE. When it was open; yes.

×-*Q.* 2632. So that behind this desk of yours is a partition going up to the ceiling? *A.* Yes, sir.

×-*Q.* 2633. And you have indicated by dots across here something. What is that? *A.* Grille work.

×-*Q.* 2634. That went up the same height as the other grille work? *A.* Yes, sir.

×-*Q.* 2635. How high was that? *A.* Ten feet.

×-*Q.* 2636. And this is grille work across here? *A.* Yes, sir.

×-*Q.* 2637. I don't know that the reporter can get that, or that it is important that he should, but wherever there are dotted lines here they indicate grille work going up about ten feet? *A.* Yes, sir.

×-*Q.* 2638. Then the doorway at this point (I refer now to the point opening out to a passageway on the left) leads to a staircase, doesn't it? *A.* Yes, sir.

×-*Q.* 2639. That goes upstairs, doesn't it? *A.* No, sir; downstairs.

×-*Q.* 2640. Did the bank occupy any premises downstairs? *A.* No, sir.

×-*Q.* 2641. So that that was not occupied by the bank. *A.* No, sir; you came up against a dead wall here, a dead partition, and we used that for storing old papers and rubbish.

×-*Q.* 2642. It was practically a room on the stairway? *A.* Yes, sir.

×-*Q.* 2643. And you used that for storage? *A.* Yes, sir.

×-*Q.* 2644. The door in the rear of the passage led into the directors' room? *A.* Yes, sir.

×-*Q.* 2645. And, as I understand, there was a partition running to the ceiling, separating that room from the rest? *A.* Yes, sir.

×-*Q.* 2646. And these walls went up to the ceiling, I understand? *A.* Yes, sir.

The Master. These are the outside walls?

Mr. Morse. Yes.

×-*Q.* 2647. Was this the large table of the directors? *A.* Yes, sir.

×-*Q.* 2648. Did Mr. Dresser have any special seat there, or desk? *A.* He usually sat at the upper end of it.

×-*Q.* 2649. Just put a pencil mark where you say he usually

sat. [*The place is marked by the witness.*] The round "O" indicates where he usually sat? *A.* Yes, sir.

×-*Q.* 2650. That was a round table? *A.* Yes, sir.

×-*Q.* 2651. And there were chairs, I assume, for the directors? *A.* Yes, sir.

×-*Q.* 2652. Any other furnishing in the room? *A.* Yes, sir; they had some closets put in there for the holders of the safety deposit boxes.

×-*Q.* 2653. Where was the entrance to the vault? *A.* Over here.

×-*Q.* 2654. You have marked it "Vault" there? *A.* Yes, sir.

×-*Q.* 2655. I don't quite understand about these safety deposit boxes. Did you have any safety deposit boxes there? *A.* Yes, sir.

×-*Q.* 2656. Well, where are they? *A.* Situated in the vault.

×-*Q.* 2657. In this vault? *A.* Yes, sir.

×-*Q.* 2658. And the vault was big enough for those boxes, was it? *A.* Yes, sir.

×-*Q.* 2659. How many of those were there; about how many? *A.* About 225, I think. I may be mistaken on that.

×-*Q.* 2660. How large was this vault? *A.* Probably 10 by 8 — oh, I should say larger than that — yes, larger than that, I think.

×-*Q.* 2661. Who had charge of that vault? How were these boxes opened, for instance? *A.* Do you mean who was custodian?

×-*Q.* 2662. Yes. *A.* Why, I had one master key. Mr. Earl had a master key, and I think that was all.

×-*Q.* 2663. Well, could these boxes be opened without the keys, both of the depositor and of one or the other of you two? *A.* No, sir; there had to be both keys together, the master key and their key. There was no one person could open up a box by himself.

×-*Q.* 2664. That is what I mean. When were those boxes put into the vault? *A.* Why, I think in 1906 or 1907. I won't be sure about the date.

×-*Q.* 2665. Two or three years after you became bookkeeper you think they were put in? *A.* Yes, sir.

×-*Q.* 2666. And what part of the vault did they occupy? *A.* The further side.

×-*Q.* 2667. What do you mean by the further side? *A.* The back side.

×-*Q.* 2668. That is, up against the back wall? *A.* Up against the back wall, opposite the door.

×-*Q.* 2669. What portion of the vault was used for those boxes, and what portion for the property and affairs of the bank? *A.* Why, of course they didn't go way up to the ceiling, but they used a good fair part of that side of the vault.

×-*Q.* 2670. How many of those boxes were rented? *A.* Pretty nearly all of them.

×-*Q.* 2671. Where was the account kept and by whom? *A.* Mr. Earl.

×-*Q.* 2672. He rented the safes, then? *A.* Yes, sir.

×-*Q.* 2673. And he had a master key, which opened all those boxes, did he? *A.* Yes, sir.

×-*Q.* 2674. Would his key alone open a box, or was it necessary for the depositor also to use his key? *A.* For the depositor also to use his key.

×-*Q.* 2675. You had the same master key, the same kind of master key, that Mr. Earl had? *A.* Yes, sir.

×-*Q.* 2676. From the beginning? *A.* Yes, sir.

×-*Q.* 2677. And when a customer came in, or a depositor came in, and wished to go to his box, he had to get either you or Mr. Earl to open the box for him or with him? *A.* Yes, sir; with him.

×-*Q.* 2678. Whom did he usually apply to? *A.* It didn't make any difference; whoever happened to be the nearest at that time.

×-*Q.* 2679. I know, but who happened to do the most of that, you or Mr. Earl? *A.* I guess it was pretty near even.

×-*Q.* 2680. What? *A.* I guess it was pretty near even.

×-*Q.* 2681. Speaking of keys, possibly I asked you this: Before you were employed as bookkeeper, what keys did you have? *A.* I had a key to the outside door, that is, the street door, and a key to this door here [*pointing on the plan*].

×-*Q.* 2682. Which door? *A.* I don't know what you would call it; a key to this door here.

×-*Q.* 2683. That is a door leading from the main room into the

passageway, between the vault and the bookkeeper,— would that describe it? *A.* No; to the wall here, and the teller's desk.

×-*Q.* 2684. Yes; I should have said the teller's desk.

The Master. Was this grille work?

The Witness. One side is grille work.

×-*Q.* 2685. This "C" marked here is for closet? *A.* Closet; yes, sir.

×-*Q.* 2686. And the door that you refer to is the door which shut off all the administration part of the bank from the public room? *A.* Yes, sir.

×-*Q.* 2687. That door was kept locked? *A.* Yes, sir.

×-*Q.* 2688. Then in your capacity of janitor, was it, that you were called then, or what was your office — *A.* Messenger.

×-*Q.* 2689. Messenger. — you had those two keys? *A.* Yes, sir.

×-*Q.* 2690. And after that you continued to keep those keys? *A.* Yes, sir.

×-*Q.* 2691. What additional keys did you receive? *A.* After I became bookkeeper I received a key to the vault, that is, after the outside door, that was opened by combination, there was another door, that was opened by a key.

×-*Q.* 2692. Well, wait one moment. Did you have the combination then? *A.* After I became bookkeeper; yes, sir.

×-*Q.* 2693. Who told you that? *A.* Mr. Earl, I think.

×-*Q.* 2694. And at some time you were given a key to the inside door? *A.* Yes, sir.

×-*Q.* 2695. That let you into the vault? *A.* Yes, sir.

×-*Q.* 2696. Then when did you receive the key for the money box? *A.* Why, the money box was another safe in here.

×-*Q.* 2697. Oh, one of these safes? *A.* It was a large safe.

×-*Q.* 2698. A large safe? *A.* Yes, sir.

×-*Q.* 2699. When did you receive the key to that? *A.* I received the combination some time later; just when, I don't remember.

×-*Q.* 2700. And the key at the same time? *A.* No key to that.

×-*Q.* 2701. No key? *A.* No, sir.

×-*Q.* 2702. And Mr. Earl gave you that? *A.* Yes, sir.

The MASTER. Was the outside vault door worked with a combination?

The WITNESS. Yes, sir.

The MASTER. And there was an inner door, when the main door was opened, which was opened by a key?

The WITNESS. Yes, sir.

The MASTER. And the money box was a safe inside of that, with a combination?

The WITNESS. Yes, sir.

[*The plan of the offices of the National City Bank is offered in evidence in substitution for the plan previously made by the witness and marked* "Exhibit 130, R. H. J.", *and is given the same exhibit number, to wit,* "Exhibit 130, R. H. J.".]

×-*Q.* 2703. Since the adjournment Friday have you ascertained the date and amount of the first illegal taking by you from the bank? *A.* Why, I found one, but I wouldn't be absolutely sure it was the first one.

×-*Q.* 2704. What is the date, and what is the amount that you found? *A.* I found one February 26.

×-*Q.* 2705. What year? *A.* 1907.

×-*Q.* 2706. 1907? *A.* Yes, sir.

×-*Q.* 2707. What was the amount of it? *A.* $493.75.

×-*Q.* 2708. Where does that appear? *A.* On page 10, February 26, 1907, $493.75, charged to the account of Charles H. Smith.

×-*Q.* 2709. The column of checks shows a check charged to him, does it? *A.* Yes, sir.

×-*Q.* 2710. For that amount? *A.* Yes, sir.

×-*Q.* 2711. And that amount is deducted from his account? *A.* Yes, sir.

×-*Q.* 2712. The figures, then, on the page are entirely accurate, are they? *A.* Yes, sir.

The MASTER. That is the footing?

Mr. MORSE. The footing is correct.

The WITNESS. Yes, sir.

×-*Q.* 2713. How did you find that? *A.* I figured up the account

and found a raise of $493.75 on the Charles H. Smith account, and I worked back until I found that amount.

×-*Q.* 2714. Where did you find the rise? *A.* I don't remember now.

×-*Q.* 2715. I will stop right here to ask you whether anyone looking at that page, or those pages, could have detected any error? *A.* On that day, no, sir; I find that raise is on April 17, or April 16.

×-*Q.* 2716. And what is the evidence of that raise? *A.* At the close of business April 15, 1907, I find the balance of Charles H. Smith appears on the book as $2,271.88; carried forward at the close of business April 16, $2,765.63, a difference of $493.75.

×-*Q.* 2717. How many pages forward do you have to look from the date of the balance to where it is raised? *A.* Eight.

×-*Q.* 2718. Eight pages? *A.* Yes, sir.

×-*Q.* 2719. Well, if I understand it, then, this balance on Smith's account was carried along from the 26th of February at the proper amount, with the deduction of this check, $493.75 — carried along correctly? *A.* Yes, sir.

×-*Q.* 2720. And then you find on the 16th of April that his account is raised $493.75.

Mr. Nay. Pardon me. When you say "carried along correctly", you mean carried along precisely as if that check had been charged?

Mr. Morse. Yes.

×-*Q.* 2721. Then you find on the 16th of April a raise of $493.75, and in order to find that you had to go back eight pages, as I understand? *A.* Yes, sir.

×-*Q.* 2722. And bring those two balances together. Won't you show us where the April 16 entry is, and where the other one was before the raise? And now show the original charge of $493.75 on the 26th of February. [*The entry is examined by the master.*] These footings were all right at that time? *A.* Yes, sir.

×-*Q.* 2723. Is that an active account, or an inactive account,— I mean are there many deposits and checks right along after this until we come to the 16th of April, or not? *A.* I don't know. I will look if you wish.

×-*Q.* 2724. No. Come now to the 16th of April. This is the 16th of April, is it? *A.* Yes, sir.

×-*Q.* 2725. There is nothing on that page? *A.* No, sir.

×-*Q.* 2726. There is nothing there in that amount or in the form of the entry to attract attention, is there? *A.* Well, there is on that particular one something scratched out. Ordinarily there wouldn't be.

×-*Q.* 2727. Do you mean to say that there has been an erasure there? *A.* Yes, sir.

×-*Q.* 2728. What is the erasure there? *A.* I can't say.

×-*Q.* 2729. What attracted your attention, or led you to look this up? *A.* Why, in glancing along I noticed that, that is all.

×-*Q.* 2730. You mean that you noticed that there had been an erasure,—is that it? *A.* I wouldn't say that that attracted my attention.

×-*Q.* 2731. What did attract your attention? *A.* The difference in the two amounts.

×-*Q.* 2732. You were not comparing these amounts, were you? *A.* Glancing over them.

×-*Q.* 2733. Do you mean that at a glance you would notice that difference? *A.* Well, not quite that. I didn't have the book like that.

×-*Q.* 2734. What I want to get at is how you happened upon this Charles H. Smith account rather than upon any other. Here are four or five accounts— *A.* I didn't pick out his specially. You asked me to find the difference, and I went over the book to find the difference.

×-*Q.* 2735. I asked you the other day to find in this book the entry where you made your first illegal taking. *A* Yes, I understand that.

×-*Q.* 2736. And to follow it along. And you have told me this morning that you have found one, and that is the case of the Charles H. Smith account, haven't you? *A.* Yes, sir.

×-*Q.* 2737. And I am now asking you how it was that you found it in that Smith account. How did you find that there was any error, or any false entry? *A.* Well, I came to a raise in the bal-

ance of about $500, and I went and looked back to see where it occurred.

×-*Q.* 2738. Do you mean to say that you were comparing the balances on each one of these pages with the balances eight pages beyond? *A.* This is simply carrying forward the balances, and when you are doing the 16th of April business you have got both pages that way, and it is very easy to see that "22" and "27" don't look anything alike there; they are entirely different.

×-*Q.* 2739. Were you comparing the balances of all these other accounts at that time? *A.* Just glancing them over.

×-*Q.* 2740. Just glancing them over? *A.* Yes, sir.

×-*Q.* 2741. And that is the balance, is it? *A.* Yes, sir, that is the balance at the close of business on April 15.

×-*Q.* 2742. Is this the balance at the opening of the next day? *A.* The balance on the next day, April 16.

×-*Q.* 2743. How does the fact that there is a difference in the amount between one day and another indicate anything in the way of a false entry? *A.* If no check was deposited on that account, and no check drawn, the amounts should be the same.

×-*Q.* 2744. I thought that when I asked you whether there were any checks or deposits, you said you didn't know. Didn't you? *A.* I don't think so.

×-*Q.* 2745. You misunderstood my question, I think. Is there an entry of any check or deposit on that preceding day? *A.* No, sir.

×-*Q.* 2746. Very well. Then I understand that you found, from the fact that there was a difference there, that there was a raise, apparently, without any check entered, and you then went back to find out where that was taken? *A.* Where it occurred; yes, sir.

×-*Q.* 2747. You went back to the 26th of February, and there you found it? *A.* Yes, sir.

×-*Q.* 2748. How long did it take you to do that? *A.* I can't say that I kept any track of the time on this special account.

×-*Q.* 2749. How much time have you given since the court adjourned Friday? *A.* Several hours.

×-*Q.* 2750. How many? *A.* Several hours.

×-*Q.* 2751. How many? *A.* Saturday morning up to the time of closing. I didn't come back Saturday afternoon. And some time this morning.

×-*Q.* 2752. You did the work here in this room? *A.* Yes, sir.

×-*Q.* 2753. And were alone here? *A.* I had a United States deputy marshal with me.

×-*Q.* 2754. Nobody else? *A.* Mr. Fraser, and I believe Mr. Nay came in here.

×-*Q.* 2755. Mr. Fraser is the accountant? *A.* Yes, sir.

×-*Q.* 2756. And Mr. Nay? *A.* Mr. Nay came in. He didn't stay very long.

×-*Q.* 2757. Did either of them make any suggestions to you during your work? *A.* No, sir.

×-*Q.* 2758. Or speak to you? *A.* Yes, sir, they spoke to me.

×-*Q.* 2759. What about? *A.* I don't remember anything in particular that they spoke about. Mr. Nay said he had been over to Cambridge, and what trouble he had finding a book. Nothing in connection with this.

×-*Q.* 2760. What did Mr. Fraser have to do at that time? *A.* He was sitting down smoking.

×-*Q.* 2761. Did he have any conversation with you? *A.* He had some.

×-*Q.* 2762. About what? *A.* I can't say that I remember.

×-*Q.* 2763. What? *A.* I can't say that I remember.

×-*Q.* 2764. Anything said about the books or the accounts? *A.* Not while I was working on them.

×-*Q.* 2765. Or what work you were doing? *A.* No, sir.

×-*Q.* 2766. Well, this conversation didn't interfere with your work, did it? *A.* No, sir.

×-*Q.* 2767. And you went ahead and spent several hours on Friday and Saturday forenoon? *A.* On Saturday.

×-*Q.* 2768. On Saturday forenoon? *A.* Yes, sir.

×-*Q.* 2769. And today? *A.* Yes, sir, this morning.

×-*Q.* 2770. Now, what else have you found besides this one that you have spoken of? *A.* I find that Martha C. Smith—I

found it in the same way — has a check of $506.25. [*See page 945, printed page 628.*]

×-*Q.* 2771. Let me ask whether at any time you were shown this statement from this Boston firm, Carpenter, Baggot & Company? *A.* I believe during my trial in the Federal Building — or I should say Keliher's trial — I had seen a statement of Carpenter, Baggot & Company, and I have seen it down here, but not to go over it — just to glance at it.

×-*Q.* 2772. When did you see it down here? *A.* I think I saw it when Mr. Nay was up to Greenfield, but I won't be sure.

×-*Q.* 2773. Did you see it here Saturday? *A.* No, sir.

×-*Q.* 2774. Or this morning, before you testified? *A.* No, sir.

×-*Q.* 2775. Were you aware that the figures that you have given in these two items are figures shown in that account? *A.* I believe I testified to those before and I believe that it was said that it did agree with those.

×-*Q.* 2776. When did you testify to them before? *A.* I don't know. Some time ago, in this hearing.

×-*Q.* 2777. Haven't you seen this statement since Friday, since the court adjourned Friday? *A.* I have not.

Mr. NAY. That has been in my possession all the time.

×-*Q.* 2778. Have you had a copy of it? *A.* No, sir.

×-*Q.* 2779. Now, going back to that item, what do you find? *A.* A check of $506.25 charged in the account of Martha C. Smith.

×-*Q.* 2780. And that charge, on its face, I assume, is all right? *A.* Yes, sir.

×-*Q.* 2781. There is nothing wrong in that amount, assuming the check to be a proper check to be charged to that account, or in the footing of the column? *A.* No, sir.

×-*Q.* 2782. It was subsequently restored? *A.* Yes, sir.

×-*Q.* 2783. And you came on the restoration first, I suppose? *A.* Yes, sir.

×-*Q.* 2784. Where is that? *A.* April 16.

×-*Q.* 2785. What do you find there? *A.* At the close of business April 15 the balance to the credit of Martha C. Smith appears

on the books as $1,656.35; carried forward at the close of business on the 16th as $2,062.60.

×-*Q.* 2786. Well, I suppose, in the same way as you testified about the other account, comparing those balances on the different days, you ascertained that there was a raise for which there was no corresponding deposit? *A.* Yes, sir.

×-*Q.* 2787. Then you went back and had to go back to the 28th of February before you found this entry? *A.* Yes, sir.

×-*Q.* 2788. Now let me see the place where that April 16 entry is made. [*The entry is examined by Mr. Morse.*] There is no erasure, is there? *A.* Yes, sir.

×-*Q.* 2789. What? *A.* Yes, sir.

×-*Q.* 2790. An erasure there? *A.* Yes, sir.

×-*Q.* 2791. Of what figures? *A.* Well, it looks like "11", "5", "6" and "35" underneath.

×-*Q.* 2792. Oh, you mean there? *A.* Yes, sir.

×-*Q.* 2793. I was looking below. When was your erasure made? *A.* I presume on April 16 or April 17, 1907.

×-*Q.* 2794. Did you make it? *A.* I did.

×-*Q.* 2795. Was the previous figure a correct one? *A.* I should think so; I don't know.

×-*Q.* 2796. Can't you look back to the account? *A.* $1,656.35 is correct.

×-*Q.* 2797. Well, wasn't that "1,656"? *A.* Well, it looks more like "11", but I presume it was "1,656".

Mr. Morse. I don't know that your Honor has had your attention called to any erasure like this before.

The Master. No.

×-*Q.* 2798. Can you tell what was there, except by inference? *A.* Why, as I say, if anybody should ask me, I should say that it was "11", "5" and possibly a "1" and a "3" and a "5".

×-*Q.* 2799. When was that erasure made and the substitution of this? *A.* I should presume April 16 or 17, 1907.

×-*Q.* 2800. Do you mean that you first carried forward the balance correctly and then on the same day, or a subsequent day, made the change? *A.* It appears so.

×-*Q.* 2801. Why did you do it? *A.* I probably carried it forward correctly because it was carrying forward the balances and it would be the natural thing to do to carry them forward as they were, and then I presume that as I was footing up the page I found that I was a certain amount out of the way, and I found where it was and I changed the figures to agree.

×-*Q.* 2802. What do you mean by that? *A.* Adding up the individual balances of money paid.

×-*Q.* 2803. Supposing you did add them up, what did you compare them with? *A.* If your additions this way and your additions and subtractions this way agree, the page is correct. If they don't agree, the page is incorrect.

×-*Q.* 2804. Had you been making those additions and subtractions all along from the time you had charged off this check? *A.* Yes, sir, I did.

×-*Q.* 2805. And they did agree, did they? *A.* I shouldn't say so. In this particular case they did; yes.

×-*Q.* 2806. If your only false entries in your book up to this time had been the charging up of a check against Smith's account which he had not drawn, nothing would be wrong in your balances in any of the columns, would there? *A.* No, sir.

×-*Q.* 2807. And they would prove every time you footed them up? *A.* Yes, sir.

×-*Q.* 2808. Then the only other error up to this time that you have referred to is the similar one in the case of the Charles H. Smith account, isn't it? *A.* That is the one that is further back.

×-*Q.* 2809. That, again, wouldn't affect the correctness of your footings or your balances, would it? *A.* No, sir.

×-*Q.* 2810. So that the two together up to this time wouldn't make any trouble or show any error? *A.* No, sir.

×-*Q.* 2811. Then why do you say that after having carried those balances forward correctly you found by making these comparisons a discrepancy which you had to remedy by making that erasure? What was the discrepancy you found, and what do you now find? *A.* Of course I don't remember what it was in 1907, but I can tell you what I find at this time.

×-*Q.* 2812. I wish you would make the footing, assuming that the balance is carried over correctly, without the erasure, and show me what the discrepancy is in your account on that day. *A.* I have got down here that as I went over the account Saturday the dropping of footings from page 4, on the 16th, $1,900, is to offset drop in footing of $900 on page 10 and $1,000 on page 11. That is the way I accounted for the difference in the footings here.

×-*Q.* 2813. Well, I don't follow it yet. What I would like to have you do is to take this very page, this Wednesday, April 17, assume that those figures carried over on this Smith account were correctly carried over and as they were before the erasure and alteration, and go through the process which you say would show that there was an error and that the account did not balance or whatever it was that you would do ordinarily to test that account. Is this something that you did every day, by the way,— this that you are now going to do? *A.* No, sir.

×-*Q.* 2814. How often did you do it? *A.* Twice a week; supposed to do it twice a week, but I didn't do it.

×-*Q.* 2815. Just show us what you did twice a week, or were supposed to do. *A.* Just add up this column.

×-*Q.* 2816. Which column is it? *A.* The total balance column.

×-*Q.* 2817. Very well; add that up, only substitute for the altered figure the correct one. [*The witness proceeds to make computations.*] What is the result of that? *A.* $1,000 different.

×-*Q.* 2818. But where? Just show us. What is the total addition? What are your figures? *A.* Balance of Tuesday, April 16 —

×-*Q.* 2819. What do you make that to be? *A.* $45,941.37.

×-*Q.* 2820. Won't you compare them? *A.* $46,941.37.

×-*Q.* 2821. As it is figured here? *A.* That is the way it is figured there; yes, sir.

×-*Q.* 2822. In other words, the footing there is $1,000 too much, is it? *A.* Why, with the other figures; yes, sir.

×-*Q.* 2823. Now, taking this entry, this balance of the Martha C. Smith account, at the correct figure, it then makes a footing of — *A.* $45,941.37.

×-*Q.* 2824. Which is $1,000 less than the footing shown here? *A.* Yes, sir.

×-*Q.* 2825. Well, then, the footing shown here is a correct footing of the column after you have added the $1,000? *A.* Yes, sir.

×-*Q.* 2826. And there is nothing there on that page, nothing in that footing, which is incorrect in itself? *A.* No, sir.

The MASTER. Those two sums, $493.75 and $506.25, would make that $1,000.

The WITNESS. Yes, sir.

×-*Q.* 2827. And what you say, I assume, is that at the time that you were making this test or proof you discovered that there was that $1,000 discrepancy, is it? *A.* I can't say that I have any personal memory about it.

×-*Q.* 2828. I thought you said you made that change in order to make the footing right, didn't you?

Mr. NAY. The balance.

Mr. MORSE. To make the balance right. After taking out that $1,000, or raising it — which is it there?

The WITNESS. After raising it $1,000.

×-*Q.* 2829. After raising it $1,000, then your footing is correct, is it, of that balance column? *A.* That balance column makes it $46,941.37 —

Mr. NAY. After the raise was the footing correct?

Mr. MORSE. Yes, that is what he says.

The WITNESS. It agrees with that, but it is not correct. It appears to be correct.

×-*Q.* 2830. Isn't it correct? *A.* According to those figures; yes, sir.

×-*Q.* 2831. It is? That is what you understand? That is to say, altering the figures as you did then, adding up the entire column, the pencil footing is correct? *A.* Yes, sir.

×-*Q.* 2832. And that is why you made that change at that time? *A.* Yes, sir.

×-*Q.* 2833. You have just made a figuring in the presence of the master, as I understand? *A.* I have; yes, sir.

×-*Q.* 2834. And, if I understand you correctly, you found that, figuring that column with the balance carried over correctly, you were $1,000 short of what your footing showed? *A.* Yes, sir.

×-*Q.* 2835. So you added $1,000 to that account, did you not? *A.* Those two accounts.

×-*Q.* 2836. Well, those two accounts. You added in $1,000 to those two accounts? *A.* Yes, sir.

×-*Q.* 2837. And then your footing is right? *A.* It agrees with that footing; yes, sir.

×-*Q.* 2838. So that anyone looking at that book that day, and examining your footings, would have found them correct, assuming that he did not notice that there had been some erasures and alterations? *A.* Yes, sir.

×-*Q.* 2839. Have you discovered any other instances of illegal takings of money and false entries? *A.* I went back to find the difference of $2,700, I think it was — the difference between the $17,000 and the fourteen thousand and three or four hundred dollars that I believe I had found.

×-*Q.* 2840. By the way, these two items which amount to $1,000 had been corrected, so far as these two accounts were concerned, before this 17th of April which we have been talking about, hadn't they, when you charged off that amount to Mr. Edwin Dresser's account? *A.* The same day, wasn't it?

×-*Q.* 2841. Exactly. Well, I mean to say that you incorporated, intended to incorporate, into that false charge of $17,000 to Edwin Dresser's account everything that up to that time you had taken? *A.* Yes, sir.

×-*Q.* 2842. And that corrected then the two Smith accounts? *A.* Yes, sir; it corrected all the accounts.

×-*Q.* 2843. Corrected everything up to that time. Now, I wish you would state whether you found any other items which were evidence of takings, and were false entries, beyond those which you have testified to. *A.* I find the footing of the total balance column is carried forward $1,900 too little on March 16, on page 4.

×-*Q.* 2844. Now, what is it you have found? *A.* The footing of the total balance column is carried forward $1,900 too little.

×-*Q.* 2845. What is that $1,900 in there, that pencil memorandum "1900",— what does that mean? *A.* I presume that meant at

that time that there was a change of $1,900; it is just the amount of the difference.

×-*Q.* 2846. Do you mean that you made that at that time? *A.* At that time; yes, sir.

×-*Q.* 2847. What is the total footing? *A.* The correct footing, I should think.

×-*Q.* 2848. No; as it reads there, what is the footing? *A.* $51,123.02.

×-*Q.* 2849. That is in pencil? *A.* Yes, sir.

×-*Q.* 2850. Very faint, isn't it? *A.* It is now.

×-*Q.* 2851. Well, it apparently was then, wasn't it? *A.* No, sir.

×-*Q.* 2852. Those memoranda were made by you intentionally so that they wouldn't attract attention, were they not? *A.* So that they wouldn't what?

×-*Q.* 2853. Wouldn't attract attention, and could easily be changed. *A.* Oh, they could be erased; yes, sir.

×-*Q.* 2854. And you made them intentionally faint, did you not? *A.* No, sir.

×-*Q.* 2855. Why did you make them in pencil? *A.* Well, I like a pencil better; I always write with a pencil and figure with a pencil.

×-*Q.* 2856. You don't mean that? *A.* I generally do.

×-*Q.* 2857. All these entries are ink, aren't they, except some of the footings? *A.* Yes, sir.

×-*Q.* 2858. Then why did you say that you preferred a pencil and always wrote with a pencil? *A.* I was not thinking of the bank then, but anything I can do with a pencil, I prefer it.

×-*Q.* 2859. It is because it is easier to erase, isn't it? *A.* Not necessarily.

×-*Q.* 2860. Have you ever made footings in ink on these books? *A.* Yes, sir.

×-*Q.* 2861. Did you have any class of footings that you made in ink, and other footings in pencil, or did you begin at a certain time to make them all in pencil? *A.* I don't remember.

×-*Q.* 2862. Apparently all these footings of columns are in pencil? *A.* Yes, sir; all but a very few.

×-*Q.* 2863. And you don't remember now whether you began that at the beginning of your keeping these books in this form or not? Of course the books will show for themselves, but as a matter of memory you don't recall? *A.* No, sir.

×-*Q.* 2864. Well, to go back now to this particular footing, you find that the actual footing there in pencil is $51,123.02? *A.* Yes.

×-*Q.* 2865. When and how did you discover that error in that footing? *A.* I don't remember the first time I discovered it.

×-*Q.* 2866. Well, you have discovered it since Friday, have you not? *A.* Yes, sir.

×-*Q.* 2867. Well, now, when, between Friday afternoon and this morning, did you discover it? *A.* I was looking around to make up a difference of two thousand and odd dollars — $2,700 — and I happened to come across that nineteen hundred there, going through the pages, and I turned back and subtracted the checks, added the deposits, and found out that the footing was carried forward as $1,900 too little.

×-*Q.* 2868. When was that memorandum "1900" made? *A.* I presume in April, 1907.

×-*Q.* 2869. When was the footing below made? *A.* April 16, 1907.

×-*Q.* 2870. Is there quite a marked difference between the impression of the pencil on one of those entries and on the other? *A.* In the what?

×-*Q.* 2871. Don't those entries appear to have been made at very different times? *A.* I don't think they do.

×-*Q.* 2872. The "1900" is quite distinct, is it not? *A.* Not any more so than the other.

×-*Q.* 2873. Do you say that? *A.* Yes, sir.

×-*Q.* 2874. You can easily see the other without a microscope, some of it, can you? *A.* I find it very easy to read.

×-*Q.* 2875. In going over this book since Friday was it the entry of "1900" that attracted your attention? *A.* I should say it was.

×-*Q.* 2876. When did you see that? *A.* Friday.

×-*Q.* 2877. Friday? *A.* I should say Saturday.

×-*Q.* 2878. Well, seeing that, did you then suspect that that meant a false entry or footing on that page? *A.* I did.

×-*Q.* 2879. What did you do then? *A.* Turned over and found it.

×-*Q.* 2880. How far did you go? *A.* Back one page.

×-*Q.* 2881. Well, what did that indicate to you — that you had taken $1,900 the day before? *A.* Oh, no.

×-*Q.* 2882. Well, when had you taken it? *A.* The $1,900?

×-*Q.* 2883. Yes. *A.* Well, up to that day, on page 4, there had been a difference of a good many thousand dollars.

×-*Q.* 2884. Well, what we are trying to find out now is when you first took those thousands of dollars. *A.* I testified to all those — when I took them.

×-*Q.* 2885. You have testified this morning to only two additional items? *A.* Yes, sir; additional items.

×-*Q.* 2886. And those you say were subsequently corrected by being charged up to Mr. Dresser. Where have you shown the taking of an additional dollar beyond those which you have already testified to? *A.* I have shown you another taking of $1,000, I believe.

×-*Q.* 2887. That is not $1,000 additional, is it? *A.* Why, yes; it was taken on February 26 and 28.

×-*Q.* 2888. I am aware of that, but that again was restored and the amount was charged into and forms a part of the $17,000 charged to Mr. Dresser on the 17th of April,— is that not so? *A.* I was looking up the difference. I hadn't found the whole of the difference on that, what I had charged off to Mr. Dresser on the rest of the book, and you asked me to find the difference if I could, and there is $1,000 of that difference.

×-*Q.* 2889. That is true, and it may answer that part of the inquiry. Then that, you mean, is $1,000 of the $17,000? *A.* It is $1,000 of the $17,000; yes, sir.

×-*Q.* 2890. And you were short $2,600, you say, the other day? *A.* Yes, sir.

×-*Q.* 2891. That would leave you still $600 to account for? *A.* Yes, sir.

×-*Q.* 2892. Now, when do you say the other $1,600 was taken?

The WITNESS. [*To Mr. Dean.*] Have you a memorandum of what I testified to the other day about that?

Mr. DEAN. $14,400 was the amount, wasn't it?

The WITNESS. Have you the dates of the individual amounts?

×-*Q.* 2893. When was that charged off to Mr. Dresser? *A.* Charged off to Mr. Dresser in about June, wasn't it? I have it here somewhere.

Mr. DEAN. April 30, 1907. You have March 14, haven't you?

The WITNESS. Yes, that was the first one.

| | | |
|---|---|---|
| Mr. DEAN. | March 14, 1907, | $900. |
| | March 15, | 925. |
| | March 16, | 400. |
| | March 21. | 1,000. |
| | March 22, | 1,000. |
| | March 23, | 1,100. |
| | March 25, | 1,000. |
| | March 26, | 1,000. |
| | March 27, | 800. |
| | March 29, | 200. |
| | March 30, | 700. |
| | April 2, | 200. |
| | April 3, | 200. |
| | April 4, | 400. |
| | April 6, | 825. |
| | April 8, | 425. |
| The difference at that time was | | $11,075. |
| | April 9, | 625. |
| | April 11, | 200. |
| | April 12, | 200. |
| | April 13, | 850. |
| | April 20, | 950. |
| | April 22, | 300. |
| | April 27, | 200. |
| That made | | $14,400. |

And then there was another item of $1,900, which I couldn't hear very much about over there. Was that in the $17,000?

Mr. MORSE. No; that $1,900 change was made in order to correct his account, as I understand it.

The WITNESS. Yes, sir; a restoration.

Mr. MORSE. You haven't as yet pointed out, as I understand, anything new in the way of takings except this $1,000.

The WITNESS. I have another one here.

Mr. DEAN. That is true, isn't it, as stated?

The WITNESS. Yes, this morning.

×-*Q.* 2894. Now, what is the new one? *A.* On April 29 I find the total of the balance column appearing on page 4 was $50,195.48; total of the checks on April 30, same page, taken out to the amount of $135.87; deposits added to the amount of $48.73; the total of the balance column carried forward is $49,408.34. The correct footing should be $50,108.34, a difference of $700.

×-*Q.* 2895. Now, where is that column where the footing is? [*The witness points to the entry.*] Those figures have not been changed, have they? *A.* No, sir.

×-*Q.* 2896. That is the original footing? *A.* Yes, sir.

×-*Q.* 2897. Now, do you say that that "50" is not very faint? I would like to have the master look at one of these items. [*The entry is examined by the master.*] You call that very faint, don't you?

The MASTER. What is that last figure there?

×-*Q.* 2898. That is a "5", isn't it? Is that a "5"? *A.* Yes, sir.

×-*Q.* 2899. It is "50,195.48", isn't it? *A.* Yes, sir.

×-*Q.* 2900. And it should be $700 more? *A.* Not that footing; no, sir.

×-*Q.* 2901. Well, is that footing a correct footing of this column? *A.* Yes, sir.

×-*Q.* 2902. That is a correct footing of that column? *A.* No, it is not a correct footing; no, sir.

×-*Q.* 2903. I mean would those figures added together produce this result? *A.* No, sir.

×-*Q.* 2904. Well, what result would they produce? *A.* I don't know, but there is a balance there of fifty-two thousand.

The MASTER. There is a credit balance.

×-*Q.* 2905. You haven't figured that up to see what the true figure should be? *A.* No, sir; not there.

The MASTER. Is that the same column you referred to the other day—

The WITNESS. Yes; these have all been referred to.

×-*Q.* 2906. Now, then, where did you find it carried over, carried forward? *A.* There [*indicating*].

×-*Q.* 2907. What is the amount carried forward? *A.* $49,408.34.

×-*Q.* 2908. Have you figured up that column to see whether that is correct or not? *A.* Yes, sir.

×-*Q.* 2909. What is the true footing of that column? *A.* $49,408.34.

×-*Q.* 2910. Then that footing is correct, is it? *A.* Yes, sir.

The MASTER. He seems to be making a distinction between what is a correct footing and what is not. Some of the footings, if somebody else were to make them besides yourself, upon the figures as they appear in the column, would be correct, according to the figures written in the column?

The WITNESS. Yes, sir.

The MASTER. But they would really be false balances, because of something else that is in the book?

The WITNESS. Yes, sir.

×-*Q.* 2911. Then as to this last column that you have been talking about, that is a correct addition, isn't it, of that column? *A.* Yes, sir.

×-*Q.* 2912. So that anyone looking at that book, and going over those figures on that day and making the addition, would come to a result which is correctly stated in this pencil footing? *A.* Yes, sir.

Mr. NAY. Referring to the balance column, page 4, April 30, 1907.

×-*Q.* 2913. But you say that you find that in fact, on the pre-

vious day, the footing should have been how much larger than it actually was — the figures? *A.* I don't know.

×-*Q.* 2914. You don't know what that error is? *A.* I know there is a discrepancy of $700 between these three figures here, that amount, that amount and that amount.

Mr. NAY. Pointing to the footings.

Mr. MORSE. That is to say, if you add —

Mr. NAY. Let us have that made intelligible on the record, because he says here, and here, and here, pointing to the figures in the column of checks in detail, the column of total checks, and the column of deposits, on April 30, 1907, page 4.

Mr. BUNKER. And the balance column on April 29 and April 30.

×-*Q.* 2915. As I understand it, taking the balance as shown on this book of April 29, adding to it the deposits and deducting the checks — *A.* The total of deposits and checks on that day?

×-*Q.* 2916. The total of deposits and checks. Does that give the figure which is shown in the column on the next day? *A.* No, sir.

×-*Q.* 2917. Is that it [*pointing*]? *A.* Yes, sir.

Mr. NAY. That is what they call the extension of footings.

Mr. MORSE. Very well.

×-*Q.* 2918. But you have not figured to see what the amount of that false entry is on the previous day? *A.* Why, the false entry there is a series of false entries amounting to some eleven, twelve or thirteen thousand dollars, which is all made good by dropping Edwin Dresser's balance on that day.

×-*Q.* 2919. Well, does this entry show a fresh taking of $700? *A.* It does.

Mr. NAY. Pointing to the footing of the balance column, page 4, April 30.

×-*Q.* 2920. And you took $700 on this date? *A.* On April 30; yes, sir.

×-*Q.* 2921. April 30. Well, that accounts, then, for $700 more, does it? *A.* Yes, sir.

×-*Q.* 2922. Have you found where the rest was taken or covered up?

Mr. MORSE. While Coleman is looking that up I am going to ask the reporter to mark as exhibits, or in some way identify, the depositors' ledgers which have not yet been marked as exhibits in the case. Mr. Nay has brought in one or two.

Mr. NAY. The 1904 depositors' ledger he may mark, but the 1905 ledger has not been put together.

[*The depositors' ledger for 1904, the first entry on which is January 1, 1904, and the last December 31, 1904, is marked* "Exhibit 135, R. H. J."]

×-*Q.* 2923. Have you found that additional entry or entries? *A.* I find a mistake on one that I made, and I know where the other one is.

×-*Q.* 2924. What is that? *A.* When I was testifying on the Martha C. Smith account this morning I claimed I restored five hundred and some odd dollars — $506.25 — and I have found that I had restored only $406.25. That made that restoration of $900 on Martha C. and Charles H. Smith's account.

×-*Q.* 2925. Instead of $1,000? *A.* Instead of $1,000.

×-*Q.* 2926. How did you discover that? *A.* Why, Mr. Jones was asking me about some figures this noon time, and when he was asking me about those figures I noticed that.

×-*Q.* 2927. What was it you noticed? *A.* I noticed that that was not raised $506.25.

×-*Q.* 2928. By comparison of that page with what page? *A.* With this page here.

×-*Q.* 2929. What do you mean by that? *A.* On page 10 of April 15, and page 10 of April 16.

×-*Q.* 2930. You testified this morning that $506.25 was added, did you? *A.* Yes, sir.

×-*Q.* 2931. And it should have been — *A.* $406.25.

×-*Q.* 2932. $406.25? *A.* Yes, sir.

×-*Q.* 2933. How came you to make that mistake this morning? *A.* Simply a clerical error in computation.

×-*Q.* 2934. Then you mean that that $100 is additional to the $900 that we were talking about before the recess? *A.* No; that is $100 less than the $1,000.

The MASTER. Yes, that is right.

×-*Q.* 2935. $800, then, is it? *A.* It is $900.

×-*Q.* 2936. $900. Now, have you found that $900? *A.* Yes, sir.

×-*Q.* 2937. Where? *A.* Why, that $900 I have already testified to. This is taking $100 off of the $1,000, and there is another $1,000 item.

Mr. MORSE. Mr. Dean, will you let me have that list that you read off this morning?

[*Mr. Dean passes his notes to Mr. Morse.*]

×-*Q.* 2938. I want to know now whether up to this date — I mean the time you charged off, or dropped from Mr. Dresser's account, the $17,000 — you now consider that you have given all the items of the different takings which went to make up that $17,000? *A.* No.

×-*Q.* 2939. What is the amount of the one you don't find? *A.* $1,000.

×-*Q.* 2940. Now, in order to get this straight, I want to read to you the figures as Mr. Dean has taken them down, and as the reporter now has them, of the different items which you gave in the testimony Friday, and see whether, so far, we agree.

| | |
|---|---|
| March 14, 1907, | $900. |
| March 15, | 925. |
| March 16, | 400. |
| March 21, | 1,000. |
| March 22, | 1,000. |
| March 23, | 1,100. |
| March 25, | 1,000. |
| March 26, | 1,000. |
| March 27, | 800. |
| March 29, | 200. |
| March 30, | 700. |
| April 2, | 200. |
| April 3, | 200. |
| April 4, | 400. |
| April 6, | 825. |
| April 8, | 425.— |

The WITNESS. That is all I have.

Mr. MORSE. Why, you have given us more than that.

The WITNESS. I took the rest off the book, but I did not copy them down.

Mr. MORSE. Very well. I will read them as Mr. Dean took them down from your testimony.

| | |
|---|---|
| April 9, | $625. |
| April 11, | 200. |
| April 12, | 200. |
| April 13, | 850. |
| April 20, | 950. |
| April 22, | 300. |
| April 27, | 200. |
| That makes a total of | $14,400. |

×-*Q.* 2941. Now, this drop from Mr. Dresser's account was made on the 30th of April, wasn't it? *A.* Yes, sir.

×-*Q.* 2942. And what we have been trying to get at are the various items which made up that difference of $2,600. How much of that do you understand you have accounted for this morning? *A.* $1,600.

×-*Q.* 2943. And that $1,600 you account for in what way,—$1,000 from— *A.* I changed that $1,000 to $900.

×-*Q.* 2944. $900 from the two Smiths' accounts? *A.* Yes, sir.

×-*Q.* 2945. That is, restoring that to the Smiths' accounts? *A.* Yes, sir.

×-*Q.* 2946. Then what else? *A.* $700 in the footing of page 4, April 30.

×-*Q.* 2947. What is the item on page 4? What is the account? *A.* The total of the balance column at the close of business April 29, 1907, appears as $50,195.48; less checks to the amount of $135.87; plus deposits to the amount of $48.73; carried forward as $49,408.34.

×-*Q.* 2948. And you mean that represents a taking of $700, do you? *A.* Yes, sir.

×-*Q.* 2949. The total takings that you had accounted for were

$14,400? *A.* I think mine differ from that. I think I testified to $14,300 the other day.

×-*Q.* 2950. $14,400 I thought we agreed the other day was right. Well, that would only make $100 more discrepancy, if you made that only $14,300. Taking it as $14,400, adding to it the $900 which you restored to the Smiths' accounts, and the $700 which you took, according to your statement, at this date, which you have referred to, that would make the total takings up to that time $16,700.

Mr. NAY. $14,400, add $700, and add $900, and that makes $16,000.

Mr. MORSE. Yes, making $16,000. So that that makes $1,000 short.

The WITNESS. Yes, sir.

×-*Q.* 2951. Which you have not been able to find? *A.* Yes, sir, I have found it.

×-*Q.* 2952. Well, where is it? *A.* At the close of business January 30, 1907, the account of the Standard Action Company appears on the books as $11,743.99; on January 31 there were total checks paid to the amount of $102.28; balance carried forward, $13,646.71, or a difference of $2,000.

The MASTER. A drop?

The WITNESS. A rise. I find that on January 2 the Standard Action Company account was dropped $1,000, and I restored $2,000. There is a difference of $1,000. I can't tell where that $1,000 was charged in, or how, or when.

×-*Q.* 2953. Now, you go back, as I understand it, to a false entry in the Standard Action Company account on January 2, do you? *A.* Yes, sir, a false balance.

×-*Q.* 2954. Let me see that on January 2. [*The witness points to the entry.*] Isn't that the same $1,000 that you have already testified — *A.* Yes, sir.

×-*Q.* 2955. — was merely an exchange, and an accidental exchange, as between the Standard Action Company and the Standard Diary Company? *A.* Yes, sir. I rechanged it on January 31 — both of them — only instead of increasing the Standard Action $1,000 I increased it $2,000.

×-*Q.* 2956. Did that mean that it was to cover up a previous taking? *A.* The $1,000 must have; yes, sir.

×-*Q.* 2957. Well, where is that, that previous taking? *A.* I don't know.

×-*Q.* 2958. Have you been able to find iit? *A.* No, sir.

×-*Q.* 2959. Then that first taking is somewhere back even of January, 1907, is it? *A.* Of January 31stt; yes, sir.

×-*Q.* 2960. Why, no; your entry is of January 2d? *A.* January 31st.

Mr. MORSE. Didn't he say January 2d?

Mr. DEAN. That is where he dropped it first.

×-*Q.* 2961. You restored $1,000 more than you dropped? *A.* I restored $1,000 more than I dropped.

×-*Q.* 2962. That meant that there had been a taking by you before January 2d, did it not? *A.* Might have been.

×-*Q.* 2963. Must have been, mustn't itt? *A.* On January 2 I dropped one and lowered the other. Then on January 31 I did just the opposite,— when I dropped on January 2 I raised, and when I raised I dropped, only instead of increasing the Standard Action Company $1,000 I increased it $2,000.

×-*Q.* 2964. Did that or not mean that you had previous to January 2 taken another $1,000? *A.* Previous to January 31; yes, sir.

×-*Q.* 2965. Have you been able to find where you took it? *A.* I have not.

×-*Q.* 2966. Can you state why you can't explain it? *A.* Why, yes. It might have been charged in with the checks. I haven't the checks. That is the most plausible way I can account for it, by charging in false checks and changing the balance. I can't tell which is false.

×-*Q.* 2967. If you can't tell, nobody else can tell, can they? *A.* I could at that time, because at the close of business January 31 I had the Standard Action checks in the bank.

×-*Q.* 2968. Nobody looking at that book without the checks, and making a comparison of all the material that you say you had, could have found that mistake? *A.* No, sir.

×-*Q.* 2969. Then, leaving that subject for the present, it comes

down to this, that on the thirtieth day of April you dropped $17,000 from Mr. Edwin Dresser's account, intending thereby to cover up all the takings that you had made from the bank to that time, doesn't it? *A.* Yes, sir; that was my intention.

×-*Q.* 2970. And you believe now that you did cover them up? *A.* Yes, sir.

×-*Q.* 2971. And if on that day the book had been examined minutely, every entry upon the book, and every balance on the book, would have been correct, except that there had been charged to Mr. Dresser an amount for which he had not drawn a check,—isn't that so? *A.* Do you mean at the close of business on April 30?

×-*Q.* 2972. Yes. *A.* Yes, sir.

×-*Q.* 2973. And if Mr. Dresser had looked at his account on any day in all the period that you had been bookkeeper up to that thirtieth day of April, he would have found his balance exactly the same as his pass book showed, wouldn't he? *A.* I believe so.

×-*Q.* 2974. And every other customer of the bank, with the exception of those that you have referred to? *A.* Yes, sir.

×-*Q.* 2975. Before going forward from that time, I want to ask you to look at the earlier depositors' ledgers which have been brought in here, taking in particular the one beginning in January, 1904; and you need not, perhaps, bring them up here; you may step down to where they are. Mr. Nay, have you the one of 1904?

Mr. Nay. Here it is.

×-*Q.* 2976. That is the one marked "Exhibit 135"? *A.* Yes, sir.

×-*Q.* 2977. And is this the first one of these ledgers which you kept? *A.* Yes, sir.

×-*Q.* 2978. Mr. Nay is going to bring in here, or send in here, an earlier ledger, in order to show the form in which those ledgers were kept. Will you look along through that ledger and state whether those entries are in your handwriting? *A.* I think they are, but I won't be sure.

×-*Q.* 2979. I won't hold you to every one now, but, in general, are those made by you?

Mr. Nay. I think he could be sure of that if he could find some

time where he had written in a name. He could probably tell by that better than by the figures.

×-*Q.* 2980. Well, take your own way of finding out. I want to get at the fact as to whether those were your entries. *A.* Well, I shouldn't say this first one is mine.

×-*Q.* 2981. What do you say that is? *A.* I shouldn't say those first ten pages were mine.

×-*Q.* 2982. Whose handwriting are they in? *A.* Why, I think they are in Mr. Cone's. I won't be sure of that.

×-*Q.* 2983. Mr. Cone. Who is he? *A.* He was bookkeeper of the National City Bank.

×-*Q.* 2984. Do you mean that he preceded you as bookkeeper? *A.* Yes, sir.

×-*Q.* 2985. Well, are they his handwriting? *A.* I couldn't say as to that.

×-*Q.* 2986. Where did your handwriting begin,— do you now recognize it? *A.* I should say that was my writing.

×-*Q.* 2987. And state to the reporter the date and the page. *A.* On January 7.

×-*Q.* 2988. 1904? *A.* 1904.

×-*Q.* 2989. Do the entries on and after that date appear to be in your handwriting? *A.* Yes, sir; that is, most of them.

×-*Q.* 2990. As you turn over the pages do you notice whether the footings are invariably inked, or penciled, or whether some of one and some of the other? *A.* Some both ways.

×-*Q.* 2991. You find them both ways? *A.* Yes, sir.

×-*Q.* 2992. Is there any reason for having them in ink rather than in pencil, or *vice versa*? *A.* Well, the proper way to keep them is in ink.

×-*Q.* 2993. No, no; I don't ask you that; but had you any reason at that time for making some of them in pencil and some in ink? *A.* No, sir.

×-*Q.* 2994. It was a matter of indifference to you, was it? *A.* Yes, sir.

×-*Q.* 2995. It didn't signify anything? *A.* No, sir.

×-*Q.* 2996. Or indicate anything to you, or to anybody else? *A.* So far as I know. It didn't to me.

×-*Q.* 2997. Then that method of keeping your footings, sometimes in pencil and sometimes in ink, began at the time of your beginning to keep these books, did it not? *A.* Yes, sir.

×-*Q.* 2998. So far as you know, there is not an intentional false entry in the whole of that volume, is there? *A.* No, sir.

×-*Q.* 2999. Or an instance in which you took any money improperly from the bank? *A.* No, sir.

×-*Q.* 3000. It was an honestly kept book? *A.* Yes, sir.

×-*Q.* 3001. You were entirely competent to keep that book, of course? *A.* Yes, sir.

Mr. MORSE. Now, the next book, for 1905, Mr. Nay, is here, isn't it?

[*A book is produced by Mr. Fraser.*]

×-*Q.* 3002. Do you recognize this as the 1905 ledger? *A.* Yes, sir.

[*The 1905 ledger, the first entry in which is dated January 2, 1905, and the last January 2, 1906, is marked* "Exhibit 113, R. H. J.".]

×-*Q.* 3003. Please look at that ledger, as far as you think it is necessary, and state whether, in general, the entries are in your handwriting. *A.* Yes, sir.

×-*Q.* 3004. And, so far as you know and believe, those entries are all correct, are they not? *A.* Yes, sir.

×-*Q.* 3005. There is no case in which any taking of money by you has occurred, or is covered up by any entry? *A.* No, sir.

×-*Q.* 3006. So that book was honestly kept. *A.* Yes, sir.

×-*Q.* 3007. And accurately kept? *A.* Yes, sir.

×-*Q.* 3008. And there, again, the footings, some of them, are in pencil and some in ink, are they not? *A.* Yes, sir.

[*The depositors' ledger for the year 1906, the first entry in which is January 3, 1906, and the last December 24, 1906, is marked* "Exhibit 136, R. H. J.".]

×-*Q.* 3009. Please look at that book and see whether, in general, those entries were made by you? *A.* Yes, sir.

×-*Q.* 3010. So far as you know and believe, are the entries correct? *A.* I think so.

×-*Q.* 3011. Is there any taking of money during that period which has been concealed by any false entry? *A.* I don't remember of any.

×-*Q.* 3012. And there again the footings are some in pencil and some in ink? *A.* Yes, sir.

×-*Q.* 3013. So that during all this period that I have referred to now, these three years, no matter how minute the examination might have been, unless there was a comparison with the pass books and the checks, and everything else had been brought in, no error could have been detected anywhere in these books, could it? *A.* Unless there was a clerical error.

×-*Q.* 3014. Well, so far as you know, there was no clerical error then, was there? *A.* No, sir.

×-*Q.* 3015. And if there was a clerical error, it must have been discovered and corrected almost immediately, mustn't it? *A.* Yes, sir.

×-*Q.* 3016. Your system of tests and proofs, and so on, that you had, would have shown up that error, wouldn't it? *A.* Yes, sir.

×-*Q.* 3017. And from time to time there were occasional small errors of that sort, which were ascertained and corrected? *A.* Yes, sir.

×-*Q.* 3018. And you stayed, and Mr. Earl stayed, and the teller stayed quite late sometimes in the afternoon and evening in order to find those errors and correct them, didn't you? *A.* Yes, sir.

×-*Q.* 3019. During this period that we have been talking about (I refer now to these three years) did you have vacations? *A.* I did.

×-*Q.* 3020. And during those vacations was your place filled by somebody else? *A.* Yes, sir.

×-*Q.* 3021. Did you have vacations at regular times?

Mr. NAY. Which years did you cover in that question, Mr. Morse?

Mr. MORSE. 1904, 1905 and 1906.

*A.* Some time during the summer months. There was no special time.

×-*Q.* 3022. No stated time? *A.* No, sir.

×-*Q.* 3023. How long were your vacations? *A.* Two weeks, two weeks and a half, or three weeks.

×-*Q.* 3024. Who took your place in 1904? *A.* I don't remember.

×-*Q.* 3025. Would the books show? Could you tell from the handwriting? *A.* I don't know.

×-*Q.* 3026. Won't you look at the book and see? *A.* I couldn't say whose handwriting it was.

×-*Q.* 3027. When does your vacation begin? *A.* On August 8.

×-*Q.* 3028. And it lasts how long? *A.* I should say August 6. Saturday was August 6.

×-*Q.* 3029. August 6. And it continues how long? *A.* I see there are some of Mr. Earl's figures here. I don't know whether they are all his, or not.

×-*Q.* 3030. I beg your pardon? *A.* I see some of Mr. Earl's figures, but there are other figures too.

×-*Q.* 3031. Yes. *A.* My figures appear again on August 22.

×-*Q.* 3032. That is from August 6 to August 22? *A.* Yes, sir.

×-*Q.* 3033. You don't recognize the handwriting, except so far as Mr. Earl wrote some of the entries? *A.* That is all.

×-*Q.* 3034. Are the entries mostly written by somebody else? *A.* I should say pretty evenly divided.

×-*Q.* 3035. Doesn't it appear to you to be the handwriting of any one employed in the bank? *A.* I don't recognize the handwriting.

×-*Q.* 3036. Did you have anything to do with the selection of your substitute? *A.* No, sir.

×-*Q.* 3037. Who attended to that? *A.* Mr. Earl.

×-*Q.* 3038. When you came back after that vacation did you find that the accounts were correct? *A.* I don't remember of going over the accounts after I came back.

×-*Q.* 3039. You don't remember of finding any trouble? *A.* I don't remember of finding any trouble; no, sir.

×-*Q.* 3040. So that the presumption is that they were kept correctly in your absence? *A.* Yes, sir.

×-*Q.* 3041. Well, now, go to the next year and state, if you please, when that vacation began and ended, and what evidence you find as to handwriting. *A.* On July 8.

×-*Q.* 3042. Your vacation began? *A.* Yes, sir.

×-*Q.* 3043. And continued until when? *A.* July 24.

×-*Q.* 3044. Can you tell in whose handwriting the entries were in your absence? *A.* No, sir; I cannot.

×-*Q.* 3045. Have you any recollection of who took your place? *A.* No, sir.

×-*Q.* 3046. Do you recognize any of Mr. Earl's handwriting during that time? *A.* No, sir.

×-*Q.* 3047. Well, take the next year, then — or I will put the general question whether on your return you recall finding anything wrong about your books, or whether they seemed to have been correctly kept in your absence? *A.* I don't recall of anything being wrong on them.

×-*Q.* 3048. Now take 1906; do you find when your vacation began that year? *A.* I don't find that I had any at all that year.

Mr. NAY. That was 1906?

Mr. MORSE. Yes.

×-*Q.* 3049. Have you any memory about it one way or another? *A.* I think, if I remember correctly, that year I was short-handed, and I took my vacation week ends, going off Saturday noontime and staying until Monday, the middle of the day.

×-*Q.* 3050. You don't think that you had any vacation that year? *A.* I don't find —

×-*Q.* 3051. At all events, you don't see any evidence of it now? *A.* I don't see any evidence of it now; no, sir.

×-*Q.* 3052. You have covered in these details that we have gone into the months of January, February, March and April,— four months. I understand that each month the pass books were brought in for examination? *A.* Most of them.

×-*Q.* 3053. Was that under some notice from the bank? *A.* Only as customary; that is the only thing that I know of.

×-*Q.* 3054. There was no notice sent out each month? *A.* No, there was no notice sent out each month; no, sir.

×-*Q.* 3055. The customers simply brought in or sent in their books. did they? *A.* Yes, sir.

×-*Q.* 3056. It was a regular thing which they all knew about? *A.* Yes, sir.

×-*Q.* 3057. And almost all their books came in? *A.* Yes, sir.

×-*Q.* 3058. Especially of the larger depositors? *A.* Yes, sir.

×-*Q.* 3059. Now, state with reference to each one of these months,— take January, in the first place; at what time in January were the pass books brought in? *A.* Anywhere between January 25th and — or say between a week previous to and a week later than the first of the month, the bulk of them would come in.

×-*Q.* 3060. Well, whatever time they were brought in, they were all kept until they could all be balanced together, were they not? *A.* Yes, sir; balanced them together.

×-*Q.* 3061. And about when should you say you had an examination of the pass books in January? *A.* I should say we started about the 28th.

×-*Q.* 3062. The object of that was to see that the balances on the pass books agreed with the balances on your ledger? *A.* Yes, sir.

×-*Q.* 3063. You knew that there were these entries covering up, or attempting to cover up, these takings? *A.* Yes, sir.

×-*Q.* 3064. I want you to state now just what you did, and how you did it, to prevent those discrepancies being found. *A.* Well, if Mr. Earl or anybody else in the bank, messenger or teller, happened to be balancing the books and should ask me the balance of the John Jones account that appeared on the book as $400, and I knew that I had taken $300, I would call his balance off as $700.

×-*Q.* 3065. Did you have at that time any memorandum or book to refer to other than this ledger? *A.* No, sir.

×-*Q.* 3066. So that you carried in your head, did you, at that time, these particular accounts? *A.* Yes, sir.

×-*Q.* 3067. Well, the only accounts at that time, in January, which were wrong were these Standard Action accounts, or Standard Diary? *A.* There was a change there; yes, sir.

×-*Q.* 3068. And you had that in mind? *A.* Yes, sir.

×-*Q.* 3069. You stood at your desk, and where was the teller? *A.* Why, he might have been in any one of several places. I don't remember. He might have been standing at his own desk, he might have been sitting at the table, or he might have been leaning up against my desk, or he might have been writing on top of Mr. Earl's desk.

×-*Q.* 3070. Well, then, the next one, in February, the same process, I suppose? *A.* Yes, sir.

×-*Q.* 3071. Well, were those balances restored at the end of January, or was there a difference, a discrepancy, then? *A.* They were restored on January 31.

×-*Q.* 3072. Before or after the pass books were balanced? *A.* On the same day on the Standary Diary Company, and the Standard Action Company, I should say, was — I can't tell when the Standard Action Company account was balanced up, but the Standard Diary was balanced on the first day of January, 1907.

×-*Q.* 3073. Can you now state whether at the time when the pass books were balanced for January there were any differences or discrepancies on your own book, or whether they had been — *A.* They had been raised.

×-*Q.* 3074. — covered up? *A.* They had been raised. I don't remember whether it was before or after, but they had been raised.

×-*Q.* 3075. Did you intend, before the pass books were compared with the balances on your books, to make the balances on your books right? *A.* At that time I evidently did.

×-*Q.* 3076. That was your practice? *A.* At that time, I did there.

×-*Q.* 3077. For how long was that your practice? *A.* That was the first two entries on January 31, 1907.

×-*Q.* 3078. For how long did you continue to do that in that way? *A.* I couldn't say.

×-*Q.* 3079. Then for a period you would state that if anyone had looked at the book at the time that the balance of the pass book was called out, he would have found the same balance on your book, would you? *A.* He would have then; yes, sir.

×-*Q.* 3080. Did that continue down to and including April? Take this as a special instance, this $17,000 dropped from Mr. Dresser's account, when was it restored, do you say? *A.* The day Mr. Dresser's book was balanced, and it was balanced on April 30, it shows that he had a balance in the bank of $35,426.79. His correct balance should have been $52,426.79.

×-*Q.* 3081. What was the difference? *A.* Short $17,000.

×-*Q.* 3082. How soon was that $17,000 restored? *A.* It was restored on June 12.

×-*Q.* 3083. Giving these balances, then, when the books were balanced up to this time, you had only a few of the accounts in which to make false statements? *A.* Yes, sir.

×-*Q.* 3084. As a rule, the accounts were all straight on your books? *A.* Yes, sir.

×-*Q.* 3085. And you had in mind the particular accounts in which there had been these drops? *A.* Yes, sir.

×-*Q.* 3086. And you were quick enough in giving the figure to give the figure that it ought to be, and not the one that was on your book,— was that it? *A.* Yes, sir.

×-*Q.* 3087. How long did it take to balance all these pass books? *A.* Oh, six or seven hours.

×-*Q.* 3088. Did you do it on one day? *A.* All that were in we did on that day; yes, sir.

×-*Q.* 3089. And they were all substantially in, I suppose? *A.* Most of them.

×-*Q.* 3090. Any that came in afterwards you balanced by themselves, did you? *A.* Yes, sir.

×-*Q.* 3091. And, as a rule, all your pass books were balanced? *A.* Most of the active accounts.

×-*Q.* 3092. And from the time that you were employed as bookkeeper down to the end of the bank was there any complaint by any depositor that his balance as rendered to him on his pass book was not right? *A.* Oh, yes, there were quite a number of complaints.

×-*Q.* 3093. How serious were the discrepancies? *A.* Oh, usually only a few dollars.

×-*Q.* 3094. Were those cases, any of them, cases where you had made intentionally false entries? *A.* No, sir.

×-*Q.* 3095. They were accidental mistakes? *A.* On the depositor's part; yes, sir.

×-*Q.* 3096. On the depositor's part? *A.* Yes, sir.

×-*Q.* 3097. And you satisfied the depositor of that? *A.* Yes, sir.

×-*Q.* 3098. So that there was no instance in which the deposi-

tor's pass book was alleged by him to be wrong, from the beginning to the end of that period, except the cases where the mistake was his? *A.* Not any that I know of.

×-*Q.* 3099. Did the depositors come for their books, or did you send them to them? *A.* They came for them.

×-*Q.* 3100. I believe it has appeared already that you made the entries on the pass books showing the balances. You did, did you not? *A.* Not always.

×-*Q.* 3101. You usually did, did you not? *A.* No, sir.

×-*Q.* 3102. Who usually did? *A.* If I got through my work first, I would start to put the balances on the books; if I hadn't got through, I would call them off to somebody, Mr. Earl or whoever happened to be there,— Mr. Earl or the messenger.

×-*Q.* 3103. There was nothing in the shape of a balance on the pass book until it was put down there by you or by somebody there, was there? *A.* No, sir.

×-*Q.* 3104. Then where and how would the comparison be made between the balance shown on your book and what appeared on the pass books? Did they undertake to figure it up at that time? *A.* Who do you mean,— the depositor?

×-*Q.* 3105. No; the teller, or somebody in there. He had the account of the deposits on the pass book, of course? *A.* Yes, sir.

×-*Q.* 3106. And where was the account of the checks? *A.* Listed on the listing machine and put inside of the books.

×-*Q.* 3107. Somebody had to make a computation there on the spot? *A.* Yes, sir.

×-*Q.* 3108. To show what the balance was? *A.* Yes, sir.

×-*Q.* 3109. And whose duty was it to do that? *A.* Whoever had the book to balance.

×-*Q.* 3110. And that would ordinarily be the teller? *A.* Why, no more the teller than anybody else. It was divided amongst the three or four of us, whichever it happened to be.

×-*Q.* 3111. Well, did you do any of that? *A.* Yes, sir.

×-*Q.* 3112. Then you sometimes ascertained the balances shown by the pass book, as well as reported the balances on your own book? *A.* Yes, sir.

×-*Q.* 3113. Did anybody besides yourself look at your book in order to see what the balance was? *A.* Yes, sir.

×-*Q.* 3114. Who did? *A.* Oh, I have seen the teller, the messenger and Mr. Earl look it over.

×-*Q.* 3115. At the time that you were balancing these pass books? *A.* Yes, sir.

×-*Q.* 3116. And on any of those occasions did any one of those three find anything wrong about your balances? *A.* Oh, yes; they have called my attention to mistakes.

×-*Q.* 3117. Of a clerical nature? *A.* Yes, sir.

×-*Q.* 3118. Did they ever find any one of these intentional false entries? *A.* Why, Mr. Paul found one at one time.

×-*Q.* 3119. When, and what was it? *A.* It was an error of $1,000. I don't remember whose account it was. He called my attention to the fact that the error ran back a good while, and wanted to know if I knew it.

×-*Q.* 3120. What did you say? *A.* I told him I did not.

×-*Q.* 3121. What did you do about it? *A.* I fixed it.

×-*Q.* 3122. You fixed it? *A.* Yes, sir.

×-*Q.* 3123. How did you fix it? *A.* By raising the balance.

×-*Q.* 3124. Well, that was the only mistake that was ever found in your account by any of them, was it? *A.* To my knowledge; yes, sir.

×-*Q.* 3125. The only one that was spoken of at the time? *A.* Yes, sir.

×-*Q.* 3126. And when Paul spoke of it to you he didn't intimate that it was an intentional mistake on your part, did he? *A.* No, sir.

×-*Q.* 3127. He assumed from what you said and did that it was an accidental mistake, did he not? *A.* Yes, sir.

×-*Q.* 3128. When was that; what year? *A.* Well, it was along in 1909 or 1910; 1909, I should say.

×-*Q.* 3129. You were as cool then as you are now, practically, I take it, when that was called to your attention? *A.* I believe so.

Mr. Morse. Now, before I put this next question I would like to ask Mr. Jones if he will refer to his notes and tell me how far I had gone beyond this April 30 account of Mr. Dresser.

Mr. DEAN. You had not gone beyond April 30.

×-*Q.* 3130. Up to this time you had taken $17,000 from the bank? *A.* Yes, sir; as nearly as I can figure it out.

×-*Q.* 3131. And you had then concealed it, the whole of it, by dropping it from Mr. Dresser's account? *A.* Yes, sir.

×-*Q.* 3132. I want you to go on from that date and state when you took any money from the bank, and what entry or entries you made in regard to it. Now, can you go on from that date and tell us when next you took any money and concealed it by any false entry? I think I am able to say that the additional takings that the witness testified to on Friday were as follows: —

| | |
|---|---|
| June 15, | $500. |
| June 25, | 100. |
| August 3, | 400. |
| August 7, | 600. |
| August 8, | 1,000. |
| August 17, | 1,000. |

And while I do not hold anybody to that as being a correct statement, I will assume, for the purposes of the examination now, that it is a correct statement of what the witness testified to. I wish you would look at your book and state when you took a vacation, if you had a vacation that year. *A.* 1907?

×-*Q.* 3133. 1907, this is. *A.* I don't see that I had one that year.

×-*Q.* 3134. You don't think you had one? *A.* It doesn't look so.

×-*Q.* 3135. I intended to ask you with reference to the previous years — I will ask it now about this year: aside from regular vacations, were there any days, or half days, when the bank was open that you were absent from the bank? *A.* Yes, sir.

×-*Q.* 3136. Who did your work during those times? *A.* Why, either the teller, Mr. Earl, or the messenger.

×-*Q.* 3137. Did those instances occur in 1907? *A.* I believe there are some where I was not here.

×-*Q.* 3138. When you were absent did you arrange beforehand with Mr. Earl that you might go? *A.* Yes, sir.

×-*Q.* 3139. For how long a time were you gone? *A.* Oh, anywhere from half a day to three or four days.

×-*Q.* 3140. That you don't call vacation? *A.* No, sir.

×-*Q.* 3141. But those were occasions when you were allowed to go from the bank. You left your book there, of course, where any one of the officials of the bank could look at it? *A.* Yes, sir.

×-*Q.* 3142. And somebody took your place? *A.* Yes, sir.

×-*Q.* 3143. Was there any special person who took your place during those times? *A.* No, sir.

×-*Q.* 3144. Did Paul write on that book? *A.* Yes, sir.

×-*Q.* 3145. And Mr. Earl? *A.* Yes, sir.

×-*Q.* 3146. Did anybody else during this period? *A.* Yes, sir.

×-*Q.* 3147. Who? *A.* Mr. Lockhart, I believe.

×-*Q.* 3148. Well, Lockhart was not in the regular employ of the bank? *A.* He was.

×-*Q.* 3149. What was his position there? *A.* He was messenger.

×-*Q.* 3150. How long had he been messenger then? *A.* He was messenger in the bank, I think, three years.

×-*Q.* 3151. Well, three years continuously? *A.* Yes, sir.

×-*Q.* 3152. Beginning when? *A.* I couldn't say as to that.

×-*Q.* 3153. Had he been messenger during these previous years that you have referred to? *A.* No, sir.

×-*Q.* 3154. You don't know when he began? *A.* I do not.

×-*Q.* 3155. But he was messenger there in 1907? *A.* I won't say he was messenger there in 1907, but I think he was.

×-*Q.* 3156. Without going through that minutely, are you able to tell what handwriting besides your own you find on that book? I don't expect you to be able to go through that book minutely under such a question as this — at least I don't care to give you time for that,— but you don't recognize any other handwritings now? *A.* No, sir.

×-*Q.* 3157. But you are satisfied that there are other handwritings on that book? *A.* Yes, sir.

×-*Q.* 3158. And you think that all those persons whom you have named may have written on it during that period? *A.* Yes, sir.

×-*Q.* 3159. On your return from these absences of a half day

or a day, or three or four days, as the case might be, did anyone who had written upon the book, or who had charge of it, report to you, or tell you, that he had found mistakes on the book? *A.* I don't remember of any.

×-*Q.* 3160. And the only time that you say Paul spoke to you was that once? *A.* The only time I remember of.

×-*Q.* 3161. Did he at the last part of the time, just before the failure of the bank, speak to you about it? *A.* No, sir.

×-*Q.* 3162. Some two or three weeks before the bank failed did he tell you that he had found a gross error? *A.* He did not.

×-*Q.* 3163. Did he tell you that he should report it or you unless you changed your methods or improved them? *A.* He did not.

×-*Q.* 3164. And you don't recall, and you will say as a matter of memory, so far as you can state anything, that the only instance that Paul or anybody spoke to you about an error was this one time when he called your attention to a $1,000 entry? *A.* Yes, sir.

×-*Q.* 3165. Did Mr. Paul ever threaten to speak to Mr. Earl or to Mr. Dresser about you? *A.* Not to me.

×-*Q.* 3166. He never told you that he would? *A.* He never told me that he would.

×-*Q.* 3167. Now, what preparations, if any, did you make specially for this examination by a bank examiner on the 6th of June, 1907? *A.* The 6th of June, 1907?

×-*Q.* 3168. Yes. I mean did you make any special preparation of your books? *A.* I don't remember. I can —

×-*Q.* 3169. Just look at them and see, if you please. The record of the directors is that the bank examiner came there on the 6th of June. Now, the question is as to what special preparation you made of your books at that time, if you made any? *A.* Mr. Dresser's balance was dropped $17,000 on that day.

×-*Q.* 3170. Yes; that you have testified to. You hadn't done anything to restore that balance? *A.* No, sir.

×-*Q.* 3171. Well, had you done anything else to cover up the takings of money or false entries? I don't know that there was anything else to cover up, though. Between the 30th of April and

the sixth day of June there wasn't any new taking of money by you, was there? *A.* Not that I can find.

The MASTER. Not till the 15th of June, according to the figures I have.

Mr. MORSE. Yes; that was nine days afterwards.

×-*Q.* 3172. So that you had charged off the whole of this to Mr. Dresser's account, and there was not a thing on your books which the examiner could have found by any examination which was wrong at that time, was there, on the sixth day of June? *A.* Why, yes, I think he could have found it if he had — supposing he had taken some of the large balances and traced them back for several weeks.

×-*Q.* 3173. But at that time every account was straight on your books and every footing was correct. The only thing that was false was that you had charged Mr. Dresser with $17,000 which you had stolen from the bank? *A.* Yes, sir.

Mr. MORSE. All the previous changes that he had made had been wiped out, so to speak, and merged in this one drop.

×-*Q.* 3174. So that there was nothing that day in the possession of the bank examiner, on the 6th of June, which would have enabled him to ascertain that there was anything wrong about the books, was there? *A.* No, sir.

Mr. NAY. On that particular day?

Mr. MORSE. On that particular day.

The WITNESS. No, sir.

×-*Q.* 3175. And if he had gone back through the whole month of May everything would have been perfectly straight, wouldn't it? *A.* Yes, sir.

×-*Q.* 3176. Now, after the bank examiner's visit on the 6th of June you made the takings that you have testified to. What taking did you make after the 17th of August; when next? *A.* On September 5, 1907, the total of the total check column appears on the book as $1,931.88. The correct total should be $331.88, or a rise of $1,600.

×-*Q.* 3177. Does that mean a taking of that amount? *A.* Yes, sir.

Mr. BUNKER. What page?

The WITNESS. Page 11.

×-*Q.* 3178. That means that you took that amount that day, does it? *A.* Yes, sir.

×-*Q.* 3179. What is the next? This, again, is not charged to any account, as I understand? *A.* No, sir.

×-*Q.* 3180. It is simply a false footing? *A.* Yes, sir.

×-*Q.* 3181. Well, the next? *A.* On the close of business September 9, 1907, the balance on the book to my credit appears as $760.42; checks charged to the amount of $685.49; carried forward as $1,074.93, a rise of $1,000.

×-*Q.* 3182. That is in your individual account? *A.* Yes, sir.

×-*Q.* 3183. That is, you were credited with $1,000 which did not belong to you? *A.* Yes, sir.

×-*Q.* 3184. And that was money which you took that day, was it? *A.* Yes, sir. Now, September 2—

×-*Q.* 3185. September 2? *A.* Yes, sir.

×-*Q.* 3186. Going back, then? *A.* Going back one leaf; yes, sir. September 2, 1907, the balance appearing on the book to the credit of W. L. Hayden, Trustee, is $138.67; checks paid to the amount of $28. The balance carried forward is $1,110.67, a rise of $1,000.

×-*Q.* 3187. Do you mean that you credited Hayden's account? *A.* Yes, sir.

×-*Q.* 3188. And you took that money? *A.* It was a taking at that time; yes, sir; I gave Hayden a credit for $1,000 which he did not deposit; it was a taking of money.

×-*Q.* 3189. It was a false credit to Hayden? *A.* Yes, sir.

×-*Q.* 3190. And it was to cover up a taking by you of $1,000? *A.* Yes, sir; and at the close of business September 3, 1907, Hayden's balance appears on the book as $1,110.67; checks charged to the amount of $1,190; deposits of $324. The balance carried forward is $1,244.67, a rise of $1,000.

×-*Q.* 3191. That is $1,000 more you took? *A.* Yes, sir. On the close of business September 9, 1907, the balance—

×-*Q.* 3192. Was Hayden conspiring with you in any way? *A.* No, sir.

×-*Q.* 3193. Had Hayden any knowledge that you were putting these false credits to his account? *A.* No, sir.

×-*Q.* 3194. Well, did you get money from Hayden on his checks? *A.* Did I?

×-*Q.* 3195. Yes. *A.* I did not.

×-*Q.* 3196. Did Hayden give you these checks? *A.* No, sir.

×-*Q.* 3197. And all this was done without his knowledge? *A.* He knew the money was going in; he borrowed the money from me.

×-*Q.* 3198. He knew that you were giving him credit on these accounts, did he? *A.* Yes, sir.

×-*Q.* 3199. Without any deposits made by him? *A.* Yes, sir.

×-*Q.* 3200. Without any deposits made by him? *A.* Without any deposits made by him; yes, sir.

×-*Q.* 3201. Then he was conspiring with you, was he, at this time, to defraud the bank? *A.* I don't see it that way.

×-*Q.* 3202. Did Hayden understand that you were lending him the money? *A.* Yes, sir.

×-*Q.* 3203. He understood that you were putting in $1,000 to his credit in the bank? *A.* Yes, sir.

×-*Q.* 3204. And that he was borrowing that money from you? *A.* Yes, sir.

×-*Q.* 3205. He drew it out on his checks, did he? *A.* Yes, sir.

×-*Q.* 3206. What did he do with the money? *A.* I don't know.

×-*Q.* 3207. Did you have any of it? How did you get it? *A.* I didn't get any of it.

×-*Q.* 3208. Well, let me see what the transaction was. Did Hayden have any account to start with in the bank? *A.* Yes, sir.

×-*Q.* 3209. At your suggestion or request? *A.* I don't remember as to that, whether it was at my suggestion or request or not. He had an account there.

×-*Q.* 3210. Did you propose to him to lend him the money? *A.* I did not.

×-*Q.* 3211. Did he ask you to do it? *A.* Yes, sir.

×-*Q.* 3212. When was that request? *A.* I couldn't say when? I should imagine, though, it was about this time; around this time some time.

×-*Q.* 3213. He understood that you were lending him your individual money? *A.* Yes, sir.

×-*Q.* 3214. Instead of that, you were taking it out of the bank? *A.* I was.

×-*Q.* 3215. Did Hayden ever pay you? *A.* He did not.

×-*Q.* 3216. How much altogether did you lend him in this way? *A.* There was several thousand dollars; I don't remember just the amount.

×-*Q.* 3217. And you never intimated to him, and he never had any idea from you, that this money came from the bank? *A.* No, sir.

The MASTER. Do you say that that was a taking of money?

Mr. MORSE. Yes.

The MASTER. Do you mean to say that you gave him a credit?

The WITNESS. I gave him a credit; yes, sir.

The MASTER. And let him draw checks against it?

The WITNESS. He drew checks against it.

The MASTER. And that was your speculative account with him?

The WITNESS. No, sir; that was a plain, simple loan to Hayden.

Mr. MORSE. He simply took this money out; he lent it to Hayden.

Mr. NAY. Hayden's checks came in, and Coleman saw that they were paid.

The MASTER. They came in on the National City Bank, and you took care of them when they came in?

The WITNESS. Yes, sir.

[*The depositors' ledger for the year 1903, being a bound volume, is marked* "Exhibit 137, R. H. J."]

×-*Q.* 3218. This was the style of ledger which was in use before you advised and caused this change, was it not? *A.* That was in use; yes, sir.

×-*Q.* 3219. What is the difference in the arrangement and construction of that ledger and this one? *A.* This ledger has the names only on one page. It is not a folding page. The lines are not numbered. The lines are closer. It hasn't a check in detail column; or it has one, but it is a very small one. With Saturday's balances you had to take and double the page over in order to carry them forward. The ruling is not quite the same.

The MASTER. Your other ledger has that [*indicating*], hasn't it?

The WITNESS. Yes, but in a different way. You have to take and fold these pages.

Mr. NAY. Saturday's balances are written down only once.

×-*Q.* 3220. Is there a name for this style of book? *A.* The only name I know of for it is the old Boston ledger.

×-*Q.* 3221. And this system you call the Rand system? *A.* The Rand system.

×-*Q.* 3222. Where had you seen this system in use? *A.* In the Burdett College.

×-*Q.* 3223. And did you get the form from there— *A.* No, sir.

×-*Q.* 3224. —upon which these were printed? *A.* No, sir.

×-*Q.* 3225. Who did get it, or where was it got? *A.* I think Mr. Earl wrote to the Rand Company, and I think one of their agents came over to see us.

×-*Q.* 3226. This system of folding pages is peculiar to the Rand system? *A.* I believe so.

×-*Q.* 3227. Will you show — you have shown it before, but I would like to have you state now — exactly what that system is? What do you mean by the folding pages? *A.* They have a sort of an invisible crease, so that the paper won't split and so that it can be folded either way.

×-*Q.* 3228. In the middle of each leaf? *A.* Yes. It helps you to look up your balances, looking forward or looking back.

×-*Q.* 3229. This is a larger book than the other, isn't it, a larger page? *A.* Yes, sir.

×-*Q.* 3230. Have you pointed out now all the differences, or the principal differences, between the two systems? *A.* Yes. All bank systems are practically the same thing.

×-*Q.* 3231. And what did you say about the Saturday balances? *A.* Why, in carrying forward at the end of the week here on this book (Exhibit 137), in order to carry forward the balances, the balances are carried forward on this page, or on the Monday balance page; they are carried forward on this page; in order to do your next day's work you have got to fold this page over, and hold it, and on that book the last day's work is done on this page.

You see the Monday night balances are on the first column on this page, and you have got to start your next day's work right along without referring back one page; and here, to find whether a man has overdrawn, or how much money he has got, you have got to turn back ten pages. On that book it is right before you all the time.

×-*Q.* 3232. Whose handwriting is this on the 1903 book? *A.* Mr. Cone's.

×-*Q.* 3233. I notice in this book (Exhibit 137) the footings, most of them, are in pencil, are they not? *A.* Yes, sir.

×-*Q.* 3234. Was that the general practice in keeping these ledgers? *A.* I don't know. It appears to have been.

×-*Q.* 3235. In this ledger the footings are mainly in pencil, aren't they? *A.* Yes, sir.

×-*Q.* 3236. So that the fact that footings were in pencil on a ledger, or any book of accounts of that character in the bank, wouldn't be a cause for any suspicion? *A.* No, sir.

×-*Q.* 3237. It was a regular way of keeping the books? *A.* Yes, sir.

The MASTER. I don't get that. He says that Mr. Cone kept some of his balances in pencil?

Mr. MORSE. Yes. Practically all the footings in this book are in pencil.

×-*Q.* 3238. The last date to which you testified yesterday I think was September 5 — or the last item you gave was September 3, but you had previously given September 5, I think. At all events, the last item that you referred to was a loan of $1,000 to Hayden September 3, wasn't it? *A.* Yes.

×-*Q.* 3239. Let me ask if I am right in my memorandum that the four amounts that you gave yesterday were September 2, $1,000; September 3, $1,000; September 5, $1,600; September 9, $1,000? *A.* Yes.

×-*Q.* 3240. Now, what is the next, or what additional false entry and taking do you find besides these entries that you have given? I want it after the 9th, because you have gone back once or twice, and possibly you are going back now, so I will say, in addition to

the items that you have given, in September. *A.* On the close of business September 9, 1907, the balance of W. L. Hayden, Trustee, appears on the book as $1,028.79; checks charged to the amount of $1,318.33; deposits to the amount of $679.79 and $331.25. The balance carried forward is $1,721.50, a rise of $1,000.

×-*Q.* 3241. Isn't that the $1,000 that you gave yesterday? You gave $1,000 on the 9th of September yesterday, didn't you? *A.* To Hayden? I don't think I gave Hayden's yesterday.

×-*Q.* 3242. This is $1,000 more, then, to Hayden, is it? *A.* Yes, sir.

×-*Q.* 3243. Let me see that entry. [*The entry is examined by Mr. Morse.*] I would like to have the master look for a moment at these figures to see whether they would attract attention or not. [*The entry is examined by the master.*] Where is your account? *A.* There [*indicating*].

×-*Q.* 3244. Is that the actual balance? *A.* Yes, at the close of business September 9th.

Mr. Morse. $1,028.79.

×-*Q.* 3245. These are what? *A.* Total checks, $1,318.33.

×-*Q.* 3246. Those three checks? *A.* Yes, sir.

×-*Q.* 3247. And what are these memoranda? *A.* Deposits to the amount of $1,010.94.

×-*Q.* 3248. Then that is carried forward a distance of eight folios, or sixteen pages, isn't it?

Mr. Nay. Page 6 to page 6.

×-*Q.* 3249. It is eight leaves, or sixteen pages? *A.* Yes, sir.

×-*Q.* 3250. And eight leaves, or sixteen pages, in the other place? *A.* Yes, sir.

×-*Q.* 3251. So that altogether it is sixteen leaves, or thirty-two pages, that you had to turn over? *A.* Yes, sir.

×-*Q.* 3252. Very well. When you have turned over those pages where do you strike the balance? *A.* There [*indicating*].

×-*Q.* 3253. That is $1,721.50 instead of what? *A.* $721.50.

×-*Q.* 3254. There is nothing in the appearance of that entry, or those entries, on that page to —

Mr. Nay. Referring to the entry of $1,721.50.

×-*Q.* 3255. —attract attention to them, is there? *A.* No, sir.

×-*Q.* 3256. And unless one was looking up that particular account, and following back with the knowledge of the system of bookkeeping here, he could not find out that false entry, could he? *A.* He probably would not.

The MASTER. Could he find it if he had the checks of the customers?

The WITNESS. He could find that all right. That is a case of a raise. He could turn over that page and add and subtract —

×-*Q.* 3257. If he understood the system, and went through it in that way, he would find that there was a raise of $1,000? *A.* He would.

The MASTER. You have testified that you gave Hayden credit simply by raising his balance?

The WITNESS. Raising his balance.

The MASTER. Would an examination of the book alone show that that was a mere bookkeeping raise, without making any investigation of the depositors' slips or checks to discover whether there was any deposit to justify that raise?

The WITNESS. Yes, sir.

The MASTER. It could be found from an examination of the depositors' ledger, without the aid of —

The WITNESS. Without the aid of anything; simply by adding and subtracting.

×-*Q.* 3258. Even then it might be possible that there had been a failure to enter deposits which should have been credited to the account, and then it would be necessary to look that matter up, wouldn't it? *A.* Not with an error like that; no, sir.

×-*Q.* 3259. Very well. Go on from that, from September 9. What is the next one? Excuse me one moment. My memorandum does not show what the form of that false entry on September 5 is. I will ask you to turn back for a moment and tell me what the form of that is. Is that where you gave credit to Mr. Hayden for $1,600?

The MASTER. No; his testimony was that it was just a taking, charged to no account, but just a false footing.

Mr. MORSE. Just a false entry. Then I won't trouble him if you have that down. Very well. Now go on from September 9.

The WITNESS. Do you want all the false entries, whether they were takings or not?

Mr. MORSE. Yes; I want all the false entries and I want all the takings.

*A.* On October 28, 1907, I find a deposit credited to my account which is a false deposit, $1,000.

×-*Q.* 3260. There is nothing on the book to indicate that that is a false deposit or entry, is there? *A.* On that book; no, sir.

×-*Q.* 3261. Then no one examining the book alone would have any information that it was false, would he? *A.* No, sir.

×-*Q.* 3262. The addition is correct? *A.* Yes, sir.

×-*Q.* 3263. And the only way of ascertaining whether that deposit was made would be to go to the deposit slips or the pass book? *A.* Well, comparing my total deposits on that day with Mr. Earl's would show the difference.

×-*Q.* 3264. That is to say, Mr. Earl had a record of the deposits that day? *A.* He didn't have a record of that one.

×-*Q.* 3265. How would his record, then, compared with yours show that you did not deposit $1,000 that day? *A.* Well, it would show that there was a difference between his deposits and mine. It wouldn't show whose it was.

×-*Q.* 3266. In the total? *A.* Yes, sir.

×-*Q.* 3267. And it would be necessary to hunt all through the account to find where that $1,000 was improperly credited? *A.* Yes, sir.

×-*Q.* 3268. And when you came to balance at the end of the day, I assume that you concealed that $1,000 deposit, did you, in calling off your balance? *A.* I presume I did.

×-*Q.* 3269. You had to do it in order to make it successful, didn't you? *A.* Not necessarily.

×-*Q.* 3270. But, as I understood, if you had reported that $1,000 deposited more than the amount shown by Mr. Earl's books, it would have been ascertained that there was a mistake, wouldn't it? *A.* Well, I don't know that I ever reported the full amount of

deposits on any day. I might go over there and check it off with Mr. Earl, or he might check it off with me.

Mr. NAY. Do you mean the total, or the individual deposits, Mr. Morse?

Mr. MORSE. The total.

×-*Q.* 3271. They were not called off, then, were they, the totals? *A.* Not necessarily.

×-*Q.* 3272. They were sometimes, and they were not sometimes? *A.* Yes, sir; they were compared every day.

×-*Q.* 3273. They were compared? *A.* Yes, sir.

×-*Q.* 3274. Which was the common practice? *A.* Why, I don't know that we had any that was any more common than the other.

×-*Q.* 3275. Was one done as much as the other? *A.* One was done as much as the other.

×-*Q.* 3276. That is, Mr. Earl would come to your book, or you would go to his? *A.* Yes.

×-*Q.* 3277. Well, if Mr. Earl came to your book, had he any means of ascertaining that that was a false entry? *A.* Not unless he checked up the book.

×-*Q.* 3278. Unless he checked up the book? *A.* Unless he checked up the deposits.

×-*Q.* 3279. The object of this comparison at the end of the day was that his account on his book of the deposits should be the same as yours, of course? *A.* Yes, sir.

×-*Q.* 3280. Let me see his statement on that day. How does it read? *A.* $21,271.61.

×-*Q.* 3281. Now, where is your statement of deposits that day? You don't figure them up, do you? *A.* Yes, sir, I figure them up for each page on a separate slip of paper.

×-*Q.* 3282. But on the book they are not figured up, are they? *A.* They are supposed to be.

×-*Q.* 3283. For that day they are not? *A.* No, sir; they are not.

×-*Q.* 3284. Then there is no footing of the total of the deposits on your book this day when the $1,000 is falsely entered? *A.* No, sir.

×-*Q.* 3285. There is a footing on Mr. Earl's book? *A.* Yes, sir.

×-*Q.* 3286. How, then, was the comparison made, do you assume, on that day, to ascertain that his footings and yours agreed? *A.* Either I went over to his desk and checked his off with mine, or he came over to mine and checked mine off with his, or I called off, or he called off.

×-*Q.* 3287. If you called off you would omit to call off that $1,000, wouldn't you? *A.* I probably should; yes, sir.

×-*Q.* 3288. You would have to, wouldn't you? *A.* Yes, sir.

×-*Q.* 3289. The deposits for that one day, as entered on your book, covered how many different pages? *A.* Fourteen.

×-*Q.* 3290. And what do you mean by a page? There seems to be some difference of understanding about it. *A.* That is a page.

The MASTER. That is, taking one side as one leaf?

The WITNESS. Yes, sir, one side as one leaf.

Mr. MORSE. Yes. I simply want the language to be understood by us all in the same way.

×-*Q.* 3291. Then on that particular day there is no footing of the fourteen pages of deposits on your book? *A.* No, sir.

×-*Q.* 3292. And there is on Mr. Earl's book? *A.* Yes, sir.

×-*Q.* 3293. You have testified already, but I will ask you again, from what source does he get, or did he get, the memoranda from which to make those entries? *A.* From the deposit slips.

×-*Q.* 3294. Which are handed over to him by the teller? *A.* Yes, sir.

×-*Q.* 3295. Or by you? *A.* No; he would go over and take them himself on the spindle.

×-*Q.* 3296. Well, they are on the teller's spindle? *A.* They are on the teller's spindle.

×-*Q.* 3297. So that his footing presumably is always an accurate footing? *A.* Yes, sir.

×-*Q.* 3298. He has the original material in front of him? *A.* Yes, sir.

×-*Q.* 3299. You have no doubt that in one way or another you satisfied Mr. Earl that day that his footing of deposits was correct, have you? *A.* No, sir.

×-*Q.* 3300. Very well. Now go on to the next taking, or the

next false entry. By the way, let me ask whether that meant a fresh taking of $1,000? *A.* Yes, sir.

×-*Q.* 3301. Let me ask now whether you saw anything on that page in the shape of a private mark, or signal to yourself, which indicated that that was a false rise of $1,000? *A.* On page 3?

×-*Q.* 3302. The one that you have just testified to? *A.* Why, yes.

×-*Q.* 3303. Did you find that from a memorandum that you had previously made, or did you find it from some mark or sign on the book itself? *A.* Oh, I found this from a memorandum previously made.

×-*Q.* 3304. When did you make the memorandum? *A.* I made that about a month ago. I think this was made about a month ago.

×-*Q.* 3305. That was at Greenfield? *A.* No; this was made down here, since I came down here this time.

×-*Q.* 3306. You haven't been down here a month this time. *A.* No, I haven't.

×-*Q.* 3307. What did you mean by saying that you made it a month ago, then? *A.* Well, that was the time Mr. Nay was up at Greenfield, but I find I made it since I have been down here this time, that memorandum.

×-*Q.* 3308. Well, you haven't been here a month this time. *A.* No, sir.

×-*Q.* 3309. Then what did you mean by saying that you made it a month ago?

Mr. Nay. He corrected that, Mr. Morse. He first said that he thought he made it about a month ago, and then he corrected that by saying that he made it since he came down here this time.

*A.* I believe I corrected that, and said that I made it since I came down here.

×-*Q.* 3310. I misunderstood you. You mean that you didn't find the entry until about a week ago? *A.* About a week ago.

×-*Q.* 3311. How did you find it then? *A.* By going over the book, following up my own account at that time.

×-*Q.* 3312. You had no mark or signal or private indication on the ledger itself to call your attention to it? *A.* No, sir.

×-*Q.* 3313. And there is nothing on the ledger itself to call either your attention or anyone else's attention to that false entry, is there? *A.* No, sir.

×-*Q.* 3314. Now go on from that date, October 28, and give the next one. *A.* At the close of business November 11, 1907, the balance appears to my credit on the books as $177.83; carried forward at the close of business November 12, 1907, as $1,177.83, or a rise of $1,000.

×-*Q.* 3315. Does that mean that you took $1,000 at that time? *A.* Yes, sir.

×-*Q.* 3316. Let me ask the same questions about that entry,— whether there is any private mark or signal or indication on the book to attract your attention to it? *A.* Didn't need it in that case.

×-*Q.* 3317. I didn't ask you whether you needed it or not, but I asked you whether there was anything that would attract your attention, or anybody else's, to it. *A.* Why, yes; I should say there was.

×-*Q.* 3318. What is it? *A.* If I saw three figures on the book in the dollar column, $177, and I saw that it was carried forward in another column as four figures, $1,177, I think that I should notice it very quickly.

×-*Q.* 3319. But the particular column where the entries are made has no private mark or signal? *A.* No, sir.

×-*Q.* 3320. You found it because you were looking up your account at that time, did you not? *A.* Yes, sir.

×-*Q.* 3321. And you were going through the entries relating to your account? *A.* Yes, sir.

×-*Q.* 3322. You knew that you hadn't made any such deposits, of course? *A.* Well, there is no deposit shown on here.

×-*Q.* 3323. I say, when you were making this examination of the depositors' ledger, you had in mind the fact that you had made no deposit of $1,000 to your credit, didn't you? *A.* Yes sir.

×-*Q.* 3324. So that when you found an entry of $1,000, or a rise of $1,000, you knew, of course, that it was one of your false entries? *A.* I assumed so; yes, sir.

×-*Q.* 3325. And that represented another $1,000 taken, did it? *A.* Yes, sir.

Mr. MORSE. When was the bank examiner there that year, 1907?

Mr. DEAN. December 3, 1907.

×-*Q.* 3326. Go on from there. *A.* On December 11—

×-*Q.* 3327. You don't find anything after November 11 before December 3d, do you? *A.* I should say November 11.

×-*Q.* 3328. You gave us that. Is there another one? *A.* Yes, sir. At the close of business November 11 the balance to the credit of Charles H. Smith appears on the book as $2,871; carried forward at the close of business November 12 as $871, a drop of $2,000.

×-*Q.* 3329. Does that mean that that $2,000 was a fresh taking, or to cover some of the previous takings? *A.* I should say that that was a covering-up entry.

×-*Q.* 3330. Well, go on from there. *A.* The next one I have is December 3d.

×-*Q.* 3331. Do the entries of December 3d that you are going to testify to precede or follow the bank examination; can you tell? *A.* I should say they followed.

×-*Q.* 3332. These are entries after the bank examiner was there? *A.* I should say so.

×-*Q.* 3333. Very well. Then stop there for a moment. You have now given the amount of the takings, coming to $17,000, which were charged to Mr. Edwin Dresser, and restored to his account on the 11th of June, haven't you? *A.* I have.

×-*Q.* 3334. Those were restored. Then you have given additional takings from that time down to this, and you have stated that those additional takings were in the nature of false entries to Hayden's account, or false credits to your account, or arbitrary drops from the balances of deposits. Am I right in that? *A.* Yes, sir.

×-*Q.* 3335. What, if anything, did you do before this bank examination on the 3d of December?

Mr. NAY. Wasn't that sixteen hundred in there where he simply dropped a total in the addition, which would be still another way?

Mr. MORSE. Perhaps, as Mr. Nay suggests, that sixteen hundred does not come under that classification. The sixteen hundred was where you dropped a total?

The WITNESS. I believe so.

Mr. MORSE. Very well. Then I will put it so.

The MASTER. That is a false footing of the column?

Mr. MORSE. Yes, that is true.

×-*Q.* 3336. What, if anything, did you do before the bank examiner came on the 3d of December to cover up these takings, beyond what you have testified to? *A.* What date did the bank examiner come?

×-*Q.* 3337. December 3. I want you to bear in mind the fact that you had restored the $17,000 to Edwin Dresser's account on the 11th of June. Did you drop that again? *A.* I dropped it again.

×-*Q.* 3338. You haven't stated that, have you? *A.* No; I haven't come to it.

×-*Q.* 3339. You mean you haven't seen it yet? *A.* I haven't seen it yet.

×-*Q.* 3340. Then I will ask you again what, besides the false entries that you have testified to, had you made in the way of false entries after the restoration of $17,000 on the 11th of June to Edwin Dresser, and before December 3, the time of the examination by the bank examiner? Let me ask you whether you did not charge falsely to Mr. Dresser's account on the 15th of June, 1907, $600, and whether you haven't omitted that? *A.* I don't see it.

×-*Q.* 3341. What? *A.* I don't see that I have.

×-*Q.* 3342. Have you, in looking through this book, intended to look at Edwin Dresser's account with a view of— *A.* I have.

×-*Q.* 3343. You have. Where do you next find any false entry in Edwin Dresser's account after the restoration of the $17,000 on the 11th of June? *A.* A drop of $20,000 on November 4, I think; yes, November 4.

×-*Q.* 3344. Well, that is a date that you had passed by, then, without having spoken of it before? *A.* Yes, sir.

×-*Q.* 3345. Didn't you have a memorandum of that? *A.* I had, but I hadn't got them in chronological order on my book; I took different accounts at different times, and ran back on them, and they may be—

×-*Q.* 3346. Do I understand you, then, to say that, according to your present knowledge, Mr. Dresser's account was correct, the

balance was correct from the 11th day of June, when you made the restoration, down to the 4th day of November? *A.* As I remember it; yes. I will go through it, if you wish, and make sure.

×-*Q.* 3347. I don't ask you to go through it if you haven't any memorandum of any error. You say that you did not drop $600 from it on the 15th of June? *A.* I did not.

×-*Q.* 3348. Then your present information and belief are that the balance and the account were right from the 11th day of June down to the 4th of November? *A.* Yes, sir.

×-*Q.* 3349. So that if Mr. Dresser at any time between those dates had compared the balance on his pass book with the balance on the ledger he would have found it all right? *A.* Yes, sir.

×-*Q.* 3350. On the 4th of November you falsely charged $20,000 to his account, did you? *A.* Yes, sir.

×-*Q.* 3351. Now, didn't you restore that before the bank examination on the 3d of December? *A.* No, sir.

×-*Q.* 3352. Are you sure? Just look and see if his account was right on the 3d of December? *A.* I am positive I didn't. I may have changed it over afterwards, but I guess the day the bank examiner came there it was dropped $20,000.

×-*Q.* 3353. Well, you say you "guess". I want you to look carefully and see if you are not wrong about that. I ask you whether between the time when you charged improperly $20,000 to his account November 4 and December 3, or on December 3, you did not restore that amount and then drop it again right after the bank examination? *A.* It is changed over at the close of business on the 3d.

×-*Q.* 3354. And then you dropped it again? *A.* I didn't do it then, but it was restored.

×-*Q.* 3355. When did you restore the $20,000 to Edwin Dresser's account? *A.* I couldn't say the date.

×-*Q.* 3356. Doesn't the book show? *A.* Yes.

×-*Q.* 3357. What does it show? *A.* December 3d.

×-*Q.* 3358. That is what I asked you, whether you didn't restore that $20,000 on that book on December 3d? *A.* No, sir, I did not on that day.

×-*Q.* 3359. It is entered so, isn't it? *A.* It is entered so.

×-*Q.* 3360. What do you mean by saying that you didn't restore it on that day, then? *A.* I could go back on the book a month and change the balances all over and make them all correct.

×-*Q.* 3361. I didn't ask what you could do. I asked you whether on that depositors' ledger you didn't credit Edwin Dresser with $20,000 on the 3d of December? *A.* No, sir.

×-*Q.* 3362. Doesn't it so appear? *A.* It so appears; yes, sir.

×-*Q.* 3363. Then what do you mean by saying that you didn't do it then?

Mr. NAY. It is perfectly clear, your Honor, what he means. He says that he did not do it on that date, but the entry bears that date.

Mr. MORSE. Well, let us see about that.

×-*Q.* 3364. Under date of December 3 his balance is carried forward as $43,462.82, is it not? *A.* It appears so there.

×-*Q.* 3365. It is so entered? *A.* Yes, sir.

×-*Q.* 3366. Now, the amount of his balance on the previous day is $23,462.82, is it not? *A.* Yes, sir.

×-*Q.* 3367. So that on the depositors' ledger there is an arbitrary addition of $20,000 to his balance, is there not? *A.* Yes, sir.

×-*Q.* 3368. Now, what do you mean by saying that you didn't do it at the time that it is entered here? *A.* If the bank examiner came on December 3, I am very sure that that was not $43,462.82 then.

×-*Q.* 3369. Why are you sure? *A.* Because if it had been that column would have added up $20,000 out of the way, and the bank examiner certainly would have noticed it.

×-*Q.* 3370. I thought you said the bank examiner didn't examine your ledger? *A.* I never made any such statement.

×-*Q.* 3371. Well, did he examine the ledger? *A.* He certainly did.

×-*Q.* 3372. Did he examine the footings? *A.* Yes, sir; always.

×-*Q.* 3373. Was that his practice? *A.* He always compared the footings; yes, sir.

×-*Q.* 3374. Well, did he go over them to see whether they were accurate? *A.* Yes, sir.

×-*Q.* 3375. He did? *A.* Yes, sir.

×-*Q.* 3376. Well, then, when you told us so much about his chatting and smoking cigars and all that, you omitted entirely to state that he went over these columns and made footings? *A.* I don't think that you will find that I said he didn't. You will find that I said that he did.

×-*Q.* 3377. Wasn't the object of making that change in order that the bank examiner, if he compared that balance with the balance shown by Mr. Dresser's pass book, would find it right? *A.* No, sir.

×-*Q.* 3378. What was the object in making it? *A.* Why, I don't remember why I restored that $20,000.

×-*Q.* 3379. Why did you restore that $20,000 to Mr. Dresser's account? *A.* Of course it makes his balance correct, but just why I did it I don't know.

×-*Q.* 3380. Can you give any other reason for it than you wished that somebody should see that the account corresponded with the balance on the pass book? *A.* I shouldn't give that as a reason for changing it then.

×-*Q.* 3381. Can you give any other reason? *A.* I cannot give any reason.

×-*Q.* 3382. And is there anything on the book itself to indicate that that entry was not made on the date that it purports to have been made? *A.* I should say not.

×-*Q.* 3383. And the only reason you give now for assuming that it was made afterwards is that, if the bank examiner had footed up that column, that balance, standing at $43,462.82, he would have found that there was an error in the footing? *A.* Yes, sir.

×-*Q.* 3384. That is the only reason you give? *A.* Yes, sir.

×-*Q.* 3385. Whether he did foot up that column that day, you, of course, don't know? *A.* I don't remember, but he usually did foot up the columns.

×-*Q.* 3386. Every column? *A.* On the twelve or fourteen pages, and compare them with the cash book.

×-*Q.* 3387. How long would it take him to do that? *A.* A matter of five or ten minutes.

×-*Q.* 3388. To foot up the columns on fourteen pages? *A.* Yes, sir.

×-*Q.* 3389. He could foot up the columns on fourteen pages in that time? *A.* Yes, sir.

×-*Q.* 3390. And make the comparison? *A.* Well, I shouldn't say five or ten minutes; possibly ten or fifteen minutes.

×-*Q.* 3391. It would take longer than that, wouldn't it? *A.* Possibly.

×-*Q.* 3392. Then the examination of the bank was much fuller than you testified to? *A.* I shouldn't call that anywhere near a full examination, or a thorough examination.

×-*Q.* 3393. If he was footing up columns on your book, it was possible that at any moment he might discover your false entries, wasn't it? *A.* Yes, sir.

×-*Q.* 3394. And you were endeavoring from time to time to conceal those entries, or to change them, so that he wouldn't find the particular false entries that you were then relying upon? *A.* I always tried to conceal them; yes, sir.

×-*Q.* 3395. Yes. And you tried to conceal them knowing that the practice of the bank examiner was to go over these columns to see whether your footings were correct? *A.* Just on the day that he examined the bank; yes, sir.

×-*Q.* 3396. So that you did make special preparation of your book for the bank examiner? *A.* Yes, sir.

×-*Q.* 3397. How long before this 3d of December did you know that the bank examiner was coming? *A.* We always knew to a day or two when he was coming.

×-*Q.* 3398. How did you know? *A.* Because they always came every six months within a day or two. I never knew them to vary more than a day or so.

×-*Q.* 3399. So that you knew when he was expected to come? *A.* Yes, sir.

×-*Q.* 3400. But he did not in fact send any word to you when he was coming? *A.* Oh, no.

×-*Q.* 3401. And your intention was to fix up the books in a way to make it impossible for him to discover your frauds? *A.* Yes, sir.

×-*Q.* 3402. Well, we find, then, one false entry made on the 3d of December, by which you restored — I won't call it a false entry — an entry by which you restored $20,000 to Mr. Dresser's account? *A.* Yes, sir; it appears so.

×-*Q.* 3403. When did you charge that to his account again? *A.* December 5 it is raised $20,000 more.

Mr. NAY. Was that a charge or a drop?

Mr. MORSE. Is it a drop in the balance, or a raise of the checks?

The WITNESS. A drop.

×-*Q.* 3404. A drop of the balance? *A.* Yes, sir.

×-*Q.* 3405. Which brought it back to the condition it was in before the bank examiner came? *A.* Yes, sir.

×-*Q.* 3406. Taking those dates into account, you haven't any doubt, have you, that that raise of $20,000 and drop of $20,000 were due to the bank examiner's coming there on the 3d of December? *A.* No, sir.

×-*Q.* 3407. You haven't any doubt of it? *A.* No.

×-*Q.* 3408. How long did Mr. Dresser's balance remain with that drop of $20,000; or rather, to put it in another way, when was it restored? *A.* December 10.

×-*Q.* 3409. And remained correct until what date? *A.* It remained the same to December 31, 1908.

×-*Q.* 3410. Aren't you mistaken about that? December 31, 1908, that would be more than a year. *A.* No; I should say that probably was 1907; December 31, 1907.

×-*Q.* 3411. Well, it was not December 31, 1907, was it? In your direct examination you testified on page 429 [printed page 392] as follows: "*Q.* 394. Now, will you take the book for December 31, 1907? We will now take the new book, marked 'Exhibit 60', and turn to page 4. What was Mr. Dresser's balance at the close of business on Wednesday, January 1, 1908? *A.* $43,562.82. *Q.* 395. Whether or not that was correct? *A.* Yes. *Q.* 396. Now run along and see when there was any change made, other than a legitimate change, and let us know. *A.* At the close of business, February 10, 1908, Mr. Dresser's balance was $52,761.43. Carried forward to the close of business February 11, 1908, as $32,761.43,

a difference of $20,000." Isn't the fact, then, that the drop of December 5, 1907, $20,000, was restored to his account December 10, 1907, and his account remained correct until February 11, 1908, when you made this false drop of $20,000? *A.* Yes, sir, I should say it was.

The MASTER. February 11, 1908, then?

Mr. MORSE. Yes, 1908.

×-*Q.* 3412. Then, again, about Mr. Dresser, his account was right for two months, practically, that is, from December 10, 1907, to February 11, 1908? *A.* Yes, sir.

×-*Q.* 3413. I have gone along as far as February 11, 1908, but I want to go back now and ask whether there were any false entries made by you —

Mr. NAY. Mr. Morse, may I call your attention to this, that the figures were either taken wrongly by the stenographer in that answer, or the witness gave them wrongly, and if you will look at the book you will see that the balance to the credit of Mr. Dresser at the close of business January 1, 1908, which appears in the record as $43,562.82, as a matter of fact should be $44,002.82.

Mr. MORSE. Well, you would like to correct that in the record?

Mr. NAY. Yes.

Mr. MORSE. I have no objection to that. It does not, as I understand, affect the question or answer as to whether that is correct; it is simply that the figures are differently stated; isn't that so?

Mr. NAY. I guess that is right.

Mr. MORSE (*to the Master*). Perhaps you had better make that correction at the foot of page 429 [printed page 392]. It is of no consequence, except for the sake of accuracy, On the last line but one you will find those figures, $43,562.82, which should be $44,002.82.

×-*Q.* 3414. Now, to go back to the question, after the 3d of December, did you make any false entries, or make any new takings of money from the bank, before the eleventh day of February, 1908? *A.* On the whole book, or on Mr. Dresser's account?

×-*Q.* 3415. On any account. *A.* I don't find any more between those dates.

The MASTER. Between November 11 and February 11; is that right?

The WITNESS. Yes, sir.

×-*Q.* 3416. When you dropped $20,000 on the 11th of February from Mr. Dresser's balance (and I understand that was a drop, it was not a false entry of a check, but was simply a drop in carrying forward the balance) — *A.* Yes, sir.

×-*Q.* 3417. When you dropped that $20,000, did that $20,000 represent the entire stealing up to that time? *A.* No, sir.

×-*Q.* 3418. Where and how did you conceal the rest? *A.* I said I concealed $2,000 from Charles H. Smith.

×-*Q.* 3419. No; you said — *A.* A covering-up entry, I believe.

×-*Q.* 3420. Very well; $2,000 there. Where did you conceal the rest? Are you able to state from memory, or from any memorandum, what you understand to have been the stealing of money down to the 11th of February, 1908? *A.* No, sir.

×-*Q.* 3421. Well, we have figured it up, and I won't give you our figures at this moment, but I will ask you to state, if you can, where and how you concealed any takings other than the $2,000 in the Smith account and the $20,000 in Mr. Dresser's account.

Mr. DEAN. You mean for the bank examination, don't you?

Mr. MORSE. No; I mean for any examination. Where and how had he concealed it on his books?

×-*Q.* 3422. You haven't stated anything except the $20,000 charged to Mr. Dresser's account and the $2,000 to the Smith account — that would be $22,000? *A.* I dropped $8,000 from the Samuel Sanders Estate.

×-*Q.* 3423. When? *A.* On November 12.

×-*Q.* 3424. Whose estate? *A.* Samuel Sanders Estate.

×-*Q.* 3425. Have you a memorandum of that drop? *A.* No, sir.

×-*Q.* 3426. Have you noticed it before? *A.* No, sir.

×-*Q.* 3427. Until my question was put? *A.* No, sir.

×-*Q.* 3428. Well, that would make $30,000? *A.* Yes, sir.

×-*Q.* 3429. Had you taken $30,000 up to that time? *A.* Well, I haven't kept account of it.

×-*Q.* 3430. Well, our figures don't show that. Our figures

show — at least my figures show — $26,200 as the amount that you had taken up to that time. *A.* Well, there may be lots more that I haven't found.

×-*Q.* 3431. Did you restore any of that to the Samuel Sanders Estate? *A.* Not before the examination; no sir.

×-*Q.* 3432. I am taking it down to the 11th of February, 1908. Did you restore it before the 11th of February, 1908? *A.* I haven't the February book here.

Mr. NAY. Here it is [*producing a book*].

Mr. MORSE. You had better substitute that book for this now.

The WITNESS. Are you all through with this now?

Mr. MORSE. I think so.

The MASTER. What did that represent,— the taking of that sum at that time?

The WITNESS. No, sir; it means a covering up.

Mr. MORSE. He has given in detail, as you know, various takings, and I figured them up down to the 11th of February as coming to $26,200. I may be wrong about that, but that is what I figure them up, and he has accounted for covering up $20,000 in Edwin Dresser's account and $2,000 in the Smith account, which would be $22,000. That would leave $4,200 not accounted for.

The WITNESS. $3,800 not accounted for.

Mr. MORSE. No; $20,000 and $2,000 make $22,000 —

Mr. BUNKER. That is twenty-eight, Mr. Morse. You have got your eleven in your seventeen thousand. That shouldn't come out. That was a covering-up entry. The total takings were eleven —

Mr. MORSE. But there is the Smith $2,000; I added that in, and then I took it out afterwards. I won't undertake to straighten this out exactly.

Mr. NAY. Mr. Morse, you recall that I have told you that we don't attempt to, and have not attempted to, give all the items by Mr. Coleman.

Mr. MORSE. I am not calling you to account at all, but I would like Mr. Coleman now to give all the items. I don't want a single one omitted. And if you will take the ledger of 1908 now. I want you, before you close that ledger, to state whether you have

told us every false entry that you have been able to find up to this time on the ledger of 1907.

The WITNESS. Well, I have stated all that I have found.

×-*Q.* 3433. And you have had many opportunities for long examination of the books, haven't you? *A.* Well, I don't know that I have had many opportunities to examine it; no, sir.

×-*Q.* 3434. I forgot to ask you the other day, when inquiring as to what you have done about the books, whether you were not in attendance and didn't testify in the Keliher case? *A.* I did.

×-*Q.* 3435. Didn't you have the books then? *A.* I did not.

×-*Q.* 3436. Weren't they produced at all? *A.* As exhibits; yes, sir.

×-*Q.* 3437. Didn't you see them? *A.* I saw them; yes, sir.

Mr. NAY. You refer, Mr. Morse, to the criminal prosecution of Keliher?

Mr. MORSE. I do.

Mr. NAY. There was another case, you know.

×-*Q.* 3438. Did you testify in both cases? *A.* I did.

×-*Q.* 3439. And the books were produced as exhibits in both cases? *A.* They were.

×-*Q.* 3440. Do you mean to say that you didn't look at them? *A.* No, sir; I didn't see the books from the time I went away from the National City Bank until I saw them in the court room.

×-*Q.* 3441. Did you see them in the court room? *A.* I did.

×-*Q.* 3442. Did you testify from them? *A.* I testified from them.

×-*Q.* 3443. How long were you on the stand? *A.* I was on the stand some seven or eight or nine days.

×-*Q.* 3444. And the books were there all the time? *A.* No, sir.

×-*Q.* 3445. Well, they were within reach all the time? *A.* They were in the court room. I shouldn't say all the time, but they were there a part of the time.

×-*Q.* 3446. I only want to know whether you have had sufficient opportunity to find all the false entries in that depositors' ledger of 1907? *A.* No, sir.

×-*Q.* 3447. Hasn't Mr. Nay asked you to find all the false entries? *A.* No, sir; he has not.

×-*Q.* 3448. In preparing this case up there at Greenfield and down here, he has not asked you to find all the false entries? *A.* Not all of them; no, sir.

×-*Q.* 3449. Well, did he tell you what part of them he wanted you to find? *A.* No, sir.

×-*Q.* 3450. Well, you say that now you have testified to all the false entries you have found on the ledger of 1907? *A.* Yes, sir.

Mr. MORSE. I want to ask, in reference to the 1907 ledger, before I leave it, whether you used acids on that book?

The WITNESS. Yes, sir.

×-*Q.* 3451. You did. What acid? *A.* Why, it was an ink eradicator.

×-*Q.* 3452. In giving your testimony here as to false entries, have you spoken of the instances in which you used acids? *A.* I don't think I have. I don't know as I have noticed any.

×-*Q.* 3453. Could you find them by referring to your book? *A.* If I took time I could find them; yes.

×-*Q.* 3454. Did you not use the acid with reference to some of these intentionally false entries that you made? *A.* I think I did.

×-*Q.* 3455. Is it not a fact that in several instances the amounts were correct as you had made them up either for the bank examiner or for Mr. Dresser, if he possibly looked at his account, and that after that, after a week or so had passed, you then went back and used this acid, erasing the figures and substituting others,—isn't that what you did in some instances? *A.* That is correct in regard to the bank examiner; yes, sir.

×-*Q.* 3456. It is. In other words, these entries, or some of them, which are now evidently false entries on the book, were not there at the time that the bank examiner made his examination, were they? *A.* I presume not.

×-*Q.* 3457. No. And they were written afterwards, after the original figures had been erased by the use of this ink eradicator? *A.* Some of them; yes, sir.

×-*Q.* 3458. Now let me call your attention in particular to certain entries and see whether these are not specimens of the kind

that you have referred to. May 2, 1907; please find that date on your book.

Mr. DEAN. Page 4.

×-*Q.* 3459. This is the 1907 ledger you have got, is it? *A.* Yes, sir, this is 1907.

Mr. NAY. Mr. Dresser's account did you say?

Mr. MORSE. Mr. Dresser's account.

×-*Q.* 3460. Do you find any indication in the entry of the balance of Mr. Dresser's account that acid has been used? *A.* [*The witness taking a position with his face close to the foot of the page, and looking towards the top.*] I should say it had been used.

×-*Q.* 3461. Then presumably the balance to his credit as it was entered was a correct balance, wasn't it? *A.* I should think so.

×-*Q.* 3462. And at a later date — and I don't suppose you can tell when — you used this acid, and removed the correct figure and substituted a wrong one? *A.* Yes, sir.

×-*Q.* 3463. So that if Mr. Dresser, on the day when that original entry was made, had looked at his balance, he would have found it right, wouldn't he? *A.* I should think that might be.

×-*Q.* 3464. Have you any means of telling when you made the change? *A.* I have not.

×-*Q.* 3465. Look back now to April 30. What is the balance there? *A.* $35,426.79.

×-*Q.* 3466. Well, go back to the previous entry. *A.* $52,426.79.

×-*Q.* 3467. That was the true balance, wasn't it? *A.* Yes, sir.

Mr. MORSE. I would like to have the master look at these changes, if you please. The true balance is $52,426.79, under date of April 29, at the close of business that day. That is carried forward, and it appears on this page as $35,426.74.

The MASTER. Isn't that "79"?

Mr. MORSE. Or "79"; yes. But that is a case where acids had been used, wasn't it?

The WITNESS. I wouldn't be sure whether it was an acid, or whether it was a scratch. It has been changed, anyway. I don't know, but I should say that that was done with a scratcher.

×-*Q.* 3468. Well, however it was done, that entry was first carried forward correctly, wasn't it? *A.* Yes, sir.

×-*Q.* 3469. And at some time, and you don't know when, this change was made? *A.* Yes, sir.

×-*Q.* 3470. So, again, this entry on page 4, under date of May 6, that was originally a correct entry, wasn't it? *A.* It has been changed, anyway.

×-*Q.* 3471. I know. But have you any doubt but what originally it was a correct entry? *A.* I should think that that was the case.

×-*Q.* 3472. And you don't know when that change was made, do you? *A.* No, sir.

×-*Q.* 3473. Look along to the next page where that appears. I will ask you whether you don't find continuously through this Edwin Dresser account in May evidence that the original entries were right? *A.* They have been changed, anyway.

×-*Q.* 3474. Well, aren't you satisfied that the original entries were right? *A.* I should think likely they were.

×-*Q.* 3475. Yes. And at some time, and at a later date, the changes were made, were they not? *A.* Yes, sir.

×-*Q.* 3376. Now, isn't this the fact in regard to such entries as those, that you carried them forward correctly and they appeared correctly on the book, so that if Mr. Dresser on the day in question had compared the balance on his pass book with this balance, he would have found it all right, and at a considerably later date, when it wouldn't be a matter of any special interest to him to make the comparison, these changes were made? *A.* In this case that is correct; yes, sir.

×-*Q.* 3477. That is correct. How long in May do you find those changes? *A.* Up to May 22.

×-*Q.* 3478. Were all those apparently instances in which the ink eradicator was used? *A.* I should say those were scratches.

×-*Q.* 3479. And what is true in these particular cases I suppose may be true of other entries in other parts, and in other ledgers? *A.* There may be some.

×-*Q.* 3480. Yes. In other words, it is impossible to tell when

the changes were made in many of these false entries, isn't it? *A.* That is true in this case; yes.

×-*Q.* 3481. Well, true in general about other false entries? *A.* I shouldn't say in general; no, sir.

×-*Q.* 3482. But there is nothing that you can judge by except the appearance of the entries, is there? *A.* That is all.

×-*Q.* 3483. You know that you had followed that practice in some instances, at least, of having the entries right in the first place, and altering them afterwards? *A.* Well, I might have entered them wrong in the first place, and changed them right.

×-*Q.* 3484. But the changes that I am calling your attention to are cases where the original entries were right, aren't they? *A.* Yes, sir.

×-*Q.* 3485. And where you at some later date made the changes? *A.* That particular instance is; yes.

×-*Q.* 3486. Was it not your object, in making the changes, to make them at a date after the time when the entries were originally made, and considerably after, so that there would be no special occasion to go back to examine and compare the balances as shown by the original entries? *A.* I think I did that for the bank examiner. I don't know of any other reason I did it.

×-*Q.* 3487. Did you do it for the purpose of preventing Mr. Dresser from ascertaining any error in his account? *A.* No, sir.

×-*Q.* 3488. That would be a reason for it, wouldn't it, a sufficient reason? *A.* It would be a sufficient reason; yes, sir.

×-*Q.* 3489. Did you ever see Mr. Edwin Dresser make a comparison between his pass book and the account of the depositors' ledger? *A.* None that I remember of.

×-*Q.* 3490. You never saw him take out his pass book and compare it with the amount on your ledger? *A.* I don't think I have.

×-*Q.* 3491. Did you ever see him make an actual addition of the items in any column? *A.* Well, I couldn't tell whether he made an actual addition or not. I have seen him looking over the book.

×-*Q.* 3492. I know you have testified to that, but looking over the book does not mean anything in regard to knowledge of its

contents. *A.* Well, if a man is standing over a book, I can't tell whether he is adding up the page or just looking at the figures.

×-*Q.* 3493. Did he ever tell you why he looked at the book? *A.* No, sir.

×-*Q.* 3494. Did you ever ask him? *A.* No, sir.

×-*Q.* 3495. An examination of the book would be the only way by which Mr. Dresser could inform himself of the balances of depositors, wouldn't it? *A.* Why, no; he could ask anybody in the bank if he wanted to find out.

×-*Q.* 3496. Well, it would be a perfectly easy and natural way if he wanted to find out the amount to the credit of any depositor to look at your book? *A.* Yes, sir.

×-*Q.* 3497. And if that book was correctly kept it would tell him exactly? *A.* It would.

×-*Q.* 3498. Did Mr. Dresser to your knowledge ever examine the depositors' ledger, especially his account, at a time when you knew it was wrong? *A.* Why, he has examined —

×-*Q.* 3499. When you knew that his account was wrong? *A.* He has examined the book when I knew his account was wrong; yes, sir.

×-*Q.* 3500. No; that is not the question. Did Mr. Dresser ever to your knowledge examine his own account on your book at a time when you knew that that account was wrong? *A.* No, sir.

×-*Q.* 3501. Now I will go ahead with the question which I put, which has not been answered. Oh, there is one question. Turn to the December accounts in this book. *A.* What page?

×-*Q.* 3502. Well, anywhere through December.

Mr. Dean. Page 4, Mr. Morse.

×-*Q.* 3503. Page 4. This is 1907 that you are looking at? It is December, 1907, that I want. I want to ask whether there are not many entries here made by you intentionally so that the figure could be read either "4" or "2", as you might find it desirable, in Mr. Dresser's account? *A.* No, sir; I shouldn't say that was meant for that purpose.

The Master. Do you mean it could be read either way just at a glance, or that it could be changed so as to read one or the other?

Mr. DEAN. There is not much difference between that and that [*pointing*] if you glance at them hurriedly.

×-*Q.* 3504. What was his real balance at this time? *A.* $43,462.82.

×-*Q.* 3505. Where do you find it correct on this book? *A.* There [*pointing*].

×-*Q.* 3506. Under date of December 3 the correct balance is shown as $43,462.82. Now, then, under date of December 9, how have you read that balance? *A.* $23,362.82.

×-*Q.* 3507. My question is whether that figure at the beginning was not written by you intentionally so that you could call it either "2" or "4", as you might find necessary? *A.* No, sir.

Mr. PILLSBURY. It does not resemble either. It looks like a mere check mark. I would like to have the master examine it.

Mr. MORSE. Yes, I would like to have the master examine that. [*The entry is examined by the master.*] Here is this correct amount, $43,462.82. Here is the next, and there is his figure — what do you call that first figure there, under date of December 5?

The WITNESS. "23" — a "2".

×-*Q.* 3508. Is that the figure as originally written, "2", or was that one of these nondescripts which you afterwards made a 2?

The MASTER. There seems to be a double line there.

*A.* I shouldn't say what it was first, but it was meant for a "2".

×-*Q.* 3509. When you make a "4", of course you make first the seat, so to speak, of the "4", don't you? *A.* Yes, sir.

×-*Q.* 3510. And if you don't cross it it will answer for a "2", won't it? *A.* Yes, sir.

×-*Q.* 3511. Very well. Now, shouldn't you say that you made that the first movement of a "4" and left it there, and afterwards you put on the other mark to make it a "2"?

Mr. DEAN. See how faint that crossing mark is there.

Mr. MORSE. Look on the line immediately above. That is a "4", isn't it?

The WITNESS. Yes, sir.

×-*Q.* 3512. With a very faint crossing? *A.* Yes, sir.

×-*Q.* 3513. Didn't you make this originally as a "4", that is,

the first part of a "4", and leave it, and then afterwards make that a pronounced "2"? *A.* Maybe that has been changed. I didn't make it part of a "4" so that it could be read either way, but there is no doubt that the figure could be changed very easily.

×-*Q.* 3514. What was it originally? *A.* A "2".

×-*Q.* 3515. Why did you change it? *A.* I don't know.

×-*Q.* 3516. Well, then, run along with that account. Take that one. Now, isn't that the first part of a "4"? *A.* You can take it for that, but it was not meant for the first part of a "4".

×-*Q.* 3517. Isn't it something that you could easily have called a "4" if you had thought it necessary? *A.* No, sir.

×-*Q.* 3518. Do you call that a "2"? *A.* Yes, sir; absolutely.

×-*Q.* 3519. Take your "2s"; they are much more pronounced than that, are they not, as a rule? There is a "2" there. *A.* Some of them are, and some are not.

×-*Q.* 3520. They all are, are they not? There is not a "2" on this page that is not a well pronounced "2" except this one down here. I only call attention to these to ask whether this was not one of the methods employed by you intentionally to enable you to conceal from others, and successfully to carry out yourself, your schemes of fraud? *A.* No, sir.

Mr. NAY. I don't see, Mr. Morse, what particular good it would have done him to change a "2" to a "4". What he would want to do would be to change a "4" to a "2".

Mr. MORSE. We are not discussing now the good that it would do. We are discussing the methods that he employed. They may not have been wise purposes.

Mr. NAY. You also have in mind what he wished to accomplish, haven't you?

Mr. MORSE. I also have in mind the impression that one not familiar with his handwriting might get upon looking at those books. He might read that as a "2", or he might read it as a "4"; that is the point. If he read it as a "4" it would be all right, probably.

Mr. NAY. Do you mean read it as a "4" without the down stroke of the "4"?

Mr. MORSE. Why, yes; it is perfectly obvious that that was the first part of a "4", and his crossing of the "4" is very faint in many cases.

Mr. NAY. Still, a "4" is not a "4" without a cross.

Mr. MORSE. Not if it is a perfect "4".

Mr. NAY. It is only half of a "4", which is "2".

×-*Q.* 3521. Do you find any false entry, or any new taking, before February 11, 1908? *A.* I do not find any. There are none that I have found, anyway.

×-*Q.* 3522. You haven't found any? *A.* I haven't found any.

×-*Q.* 3523. You stated, if I understood you correctly, that the total takings at that time were shown by the $20,000 charged to Mr. Dresser's account, the $2,000 to the Smith account, and what else? *A.* And $8,000 to the Samuel Sanders Estate.

×-*Q.* 3524. Now, that would make, according to those figures, $30,000 as the whole amount of your takings? *A.* Yes, sir.

×-*Q.* 3525. If $30,000 is the correct sum, then you have failed to point out some $2,000, isn't it—

Mr. DEAN. I made it $1,800. You made it—

×-*Q.* 3526. —some $1,800 of takings, as you have gone along, haven't you? *A.* Well, I tell you, on that Smith account, I never have been fully able to decide whether that was a new taking or a covering up, but I concluded that it was a covering up, on account of the bank examination being so near.

×-*Q.* 3527. Well, if it was a new taking, it would only make the discrepancy more, wouldn't it? *A.* It would make the discrepancy more, but make the accounts pretty nearly right; within $200.

×-*Q.* 3528. Are you able to state, from such examination as you have made of the books, what was the total amount that you had taken unlawfully from the bank down to the 11th of February? *A.* No, sir.

×-*Q.* 3529. You don't know yourself? *A.* No, sir.

×-*Q.* 3530. Can you state what amount you were carrying along in your head, or on any memorandum that you had, as the amount at that time? *A.* No, sir.

×-*Q.* 3531. Up to that time had you kept any memorandum? *A.* I don't remember of keeping a memorandum along the latter part of 1908 or the first part of 1909, but I may be mistaken on that. I know the memorandum I had commenced, I believe, in 1909.

×-*Q.* 3532. And you think that until that time you were depending on your recollection, coupled with the particular accounts to which you had charged these stealings? *A.* Yes, sir.

×-*Q.* 3533. Very well. Go on now from the 11th of February, 1908, and state what you find first in the way of false entries or illegal takings of money. Oh, you have in mind the fact that you testified that on the 11th of February you had restored that $20,000 to Mr. Dresser's account? *A.* I don't think I have testified to it.

×-*Q.* 3534. Well, it is the fact, isn't it? Just look at your book and see. *A.* What is the date?

×-*Q.* 3535. The 11th of February. *A.* I believe it was restored before then.

Mr. DEAN. Restored December 10.

Mr. MORSE. Very well. It remained to his credit on the account until the 11th of February.

The WITNESS. Yes, sir.

×-*Q.* 3536. And on that day you made a drop of $20,000? *A.* I did.

×-*Q.* 3537. On his balance? *A.* I did.

×-*Q.* 3538. And restored it when? *A.* I restored it on February 18.

×-*Q.* 3539. That is to say, for seven days that balance was wrong? *A.* Yes, sir.

×-*Q.* 3540. What was your reason for making the drop on the 11th of February, and for restoring it on the 18th of February? *A.* I couldn't say.

×-*Q.* 3541. You must have had some reason for it. *A.* Evidently.

×-*Q.* 3542. What? *A.* Evidently. I don't remember what it is; I couldn't say.

×-*Q.* 3543. Were you restoring it with reference to some possible inquiry by Mr. Dresser, or examination of his account by him? *A.* I don't think so.

×-*Q.* 3544. There was no bank examination at that time by the bank examiner? *A.* No, sir.

×-*Q.* 3545. What was the necessity for restoring it? *A.* Well, there wasn't any, so far as I can see now.

×-*Q.* 3546. Wouldn't a sufficient reason for it be that either some inquiry had been made by him, or that you apprehended that some inquiry would be made, and you desired to have his account right? *A.* That would be a reason; yes, sir.

×-*Q.* 3547. That would be a reason. And may not that have been the reason? *A.* It may have been, but I don't remember it.

×-*Q.* 3548. At all events, it was not necessary for any other purpose to make that restoration at that time, was it? *A.* No, sir.

×-*Q.* 3549. Now, going on from that date, what first do you find, other than this drop that you say you made in Mr. Dresser's account, on the 11th — what do you find up to the 17th of February in the shape of false entries or takings, if you find anything? *A.* None.

×-*Q.* 3550. None. After the 18th of February how long did the balance on Mr. Dresser's account remain correct? *A.* From the 11th of February?

×-*Q.* 3551. From the 18th of February? *A.* All but one week. From the 18th on —

×-*Q.* 3552. From the 18th on? *A.* From the 18th on it is correct up to the —

×-*Q.* 3553. Up to the 9th of March, isn't it? *A.* Yes, sir, the 9th of March.

×-*Q.* 3554. Then on the 9th of March you find that the balance was dropped $20,000, don't you? *A.* Yes, sir.

×-*Q.* 3555. Why was that balance dropped at that time? *A.* To make my book add correctly, I should think.

×-*Q.* 3556. Do you find any false entry, or any other taking of money, between the 18th of February and the 9th of March, other than this false charge to Mr. Dresser? *A.* Not that I have found.

×-*Q.* 3557. None that you have found. This drop on Mr. Dresser's balance continued until what date — June 30th? *A.* Yes, sir, June 30th.

×-*Q.* 3558. Then the $20,000 was restored? *A.* Yes, sir.

×-*Q.* 3559. Not by any entry of a deposit, but simply an arbitrary addition of $20,000? *A.* Yes, sir.

×-*Q.* 3560. Why was it restored at that time? *A.* I couldn't say.

Mr. MORSE. What is the date of the bank examination?

Mr. NAY. June 15, 1908.

×-*Q.* 3561. Do you find any false entry, or any additional taking of money by you from the bank, after the 9th of March and before the 30th of June, 1908? *A.* Yes, sir.

×-*Q.* 3562. What do you find? *A.* At the close of business March 23, 1908, the balance to my credit appears on the book as $8.84; carried forward at the close of business March 24 as $208.84, a rise of $200.

×-*Q.* 3563. That means that you took $200 at that time? *A.* Yes, sir.

×-*Q.* 3564. What additional entries do you find? *A.* At the close of business March 30, 1908, the balance appearing to my credit is $13.66; a deposit on March 31 to the amount of $65; carried forward as $278.66, a difference of $200.

×-*Q.* 3565. That is $200 more taken by you? *A.* Yes, sir. At the close of business March 6 —

×-*Q.* 3566. Is this going back? *A.* I should say April 6. The balance appearing to my credit is $153.58; checks charged to the amount of $45. Carried forward at the close of business April 7 as $708.58, a rise of $600.

×-*Q.* 3567. Taken by you? *A.* Yes, sir. At the close of business April 8, 1908, the balance appearing to my credit is $704.58; on the 9th, some checks charged to the amount of $25. Carried forward as $779.58, a rise of $100.

×-*Q.* 3568. That is a taking by you of $100? *A.* Yes, a taking on the 9th.

×-*Q.* 3569. Of $100? *A.* Of $100. On April 15, a check of $315, charged to the account of Frank A. Kennedy, which is a new taking.

The MASTER. How much?

The WITNESS. $315.

×-*Q.* 3570. That appears on the book as a check? *A.* Yes, sir.

×-*Q.* 3571. Charged to his account? *A.* Yes, sir.

×-*Q.* 3572. How do you know from that book that there was not any such check? Is there anything on that book to show that there was no such check at that time? *A.* Only as Kennedy's account goes along restored, and the checks that I paid to — I think it was Carpenter, Baggot & Company, the account of Carpenter, Baggot & Company —

Mr. NAY. Is that one of the Kennedy items?

The WITNESS. That is one of the checks of Kennedy.

×-*Q.* 3573. I don't care for the checks. You have been aided in this matter by this parcel of checks which Mr. Nay has, haven't you? *A.* Yes, sir, somewhat.

×-*Q.* 3574. You have seen them? *A.* Yes, sir.

×-*Q.* 3575. You had those checks in mind when you found this false entry? *A.* Yes, sir.

×-*Q.* 3576. Very well. We won't stop to go into that now. What is the next false entry or new taking? *A.* In the same way, there is one in Frank Kennedy's account, May 16, $460.

×-*Q.* 3577. That was a further taking by you? *A.* Yes, sir.

The MASTER. That was a drop?

Mr. MORSE. No; that is a little different in form. Here is a case where there was a check on the book, and there was no such check, as he has learned from the bundle of checks which Mr. Nay has.

The WITNESS. No such check of Kennedy.

Mr. MORSE. That is what I mean.

×-*Q.* 3578. The book itself is all right, so far as the entry goes and so far as the figures go? *A.* Yes, sir.

×-*Q.* 3579. But the fraud consisted in charging Kennedy with a check which he did not draw? *A.* It was a check which I drew.

×-*Q.* 3580. Well, it was a check which Kennedy did not draw, wasn't it? *A.* Yes, sir, he didn't draw it. I drew it. The same case May 20, 1908, $1,475.

The MASTER. Charged to Kennedy's account?

The WITNESS. Yes, sir, charged to Kennedy's account.

Mr. DEAN. That is in the form of a check, isn't it?

The WITNESS. In the same way.

Mr. MORSE. The next?

The MASTER. That would be entered in the book in red, as if it were a clearing house check?

The WITNESS. Yes, sir.

The MASTER. That is all.

×-*Q.* 3581. What is the next entry you find? *A.* I find on May 25, 1908, the total of the total check column appears as $1,777.81. The correct total should be $1,277.81, a difference of $500.

×-*Q.* 3582. That is a drop in the footing? *A.* Yes, sir.

Mr. MORSE. Let me see that.

Mr. NAY. What page?

The WITNESS. On page 5.

[*The entry is examined by Mr. Morse.*]

×-*Q.* 3583. Under date of May 25? *A.* May 25.

×-*Q.* 3584. Is that the item? *A.* Yes, sir.

×-*Q.* 3585. The correct amount should be how much? *A.* $1,277.81.

×-*Q.* 3586. That is the total check column? *A.* Yes, sir. That amount is also dropped from the account of Gale & Stone.

×-*Q.* 3587. What is that? *A.* That amount is also dropped from the account of Gale & Stone.

The MASTER. Do you mean another amount?

The WITNESS. No; it is to cover that up; that is, it is concealed in the account of Gale & Stone. In other words, at the close of business on May 23, 1908, the amount of the credit to Gale & Stone was $11,658.60; checks charged on May 25 to the amount of $330.94; deposits credited to the amount of $530.72; balance carried forward, $11,358.38. It should be $11,858.38.

×-*Q.* 3588. Well, was your total stealing, then, $500 or $1,000? *A.* $500; that is, it was a false entry; that is all. You wanted the false entries you said.

×-*Q.* 3589. I did. I wanted them both. The next after that? Let me ask you, without going into the items in detail at this point, whether in fact you followed the same practice in regard to Ken-

nedy's account, or Gale & Stone's account, where you had falsely charged them with checks, or had made arbitrary drops in their balances, of restoring balances from time to time? *A.* I know I restored Gale & Stone's, and I have restored Mr. Kennedy's somewhat.

×-*Q.* 3590. Yes. In other words, whatever you did in the way of dropping from their balances, or in charging them with checks which they did not draw, from time to time, in a general way, you did restore those? *A.* Yes, sir.

×-*Q.* 3591. So that there were times, longer or shorter, as the case might be, when anyone examining their particular balances would find them right? *A.* Yes, sir.

×-*Q.* 3592. And the times when they would find them wrong, you are not able to state, I suppose, now, how long they were? *A.* No, sir.

×-*Q.* 3593. Well, now, go on and state the next instance of an illegal taking or a false entry. On June 19, 1908, $900 charged to the account of O. G. Petterson. That was a fresh taking by you? *A.* Yes, sir.

×-*Q.* 3594. And that is effected by an arbitrary drop of $900, or by the false entry of a check? *A.* Just simply by the false entry of a check.

×-*Q.* 3595. There is a check, then, in the check column? *A.* Yes, sir.

×-*Q.* 3596. How do you know that that check was not drawn by Petterson? *A.* It was charged up to Petterson. It is not taken out of Petterson's balance. It is entered in the total check column, and decreases the liabilities $900.

×-*Q.* 3597. Well, was that $900 restored to him? *A.* It didn't need to be. I didn't take it out of his balance. I simply charged it up to his account to make it appear that somebody had that $900.

×-*Q.* 3598. It was not deducted from his balance? *A.* No, sir.

×-*Q.* 3599. Was it included in the footing of the total check column? *A.* It was.

×-*Q.* 3600. And when did you discover what you have testified to now? *A.* When did I discover it?

×-*Q.* 3601. Yes. *A.* Why, some time the last three months. I couldn't tell you just what time.

×-*Q.* 3602. You made a memorandum of it? *A.* I have got a memorandum of it; yes, sir.

×-*Q.* 3603. Well, that is a different kind of a false entry from any of the others that you have testified to, isn't it? *A.* No, sir.

×-*Q.* 3604. Why, this is a case where you falsely charged him with a check, but you don't deduct it from his balance? *A.* Yes, sir.

×-*Q.* 3605. Only you add it in in the footing of the checks? *A.* Yes, sir, I added it in.

×-*Q.* 3606. You haven't mentioned any case of that kind before, have you? *A.* It is practically the same thing, only the check does not appear.

×-*Q.* 3607. I don't say that it does not amount to practically the same thing, or about practically the same thing, but that precise form of a false entry has not appeared before in your testimony, has it? *A.* I don t remember whether it has or not.

×-*Q.* 3608. What is next instance of false entry or fresh taking? *A.* June 25.

×-*Q.* 3609. What is that? *A.* Page 3, June 25, the total of the total check column appears on the books as $907.41. The correct addition is $407.41, a difference of $500.

×-*Q.* 3610. Which was taken by you? *A.* Yes, sir.

×-*Q.* 3611. That is the footing of the check column? *A.* Yes, sir.

The Master. That is a raise of the total?

The Witness. That is a raise of the total.

×-*Q.* 3612. Is that one of the things that you discovered some time ago? *A.* Yes, sir.

×-*Q.* 3613. And you made a memorandum of it? *A.* Yes, sir.

×-*Q.* 3614. Next? *A.* On July 14, which is the next one —

×-*Q.* 3615. No; I don't care to go beyond the 1st of July for the moment. Stopping right there, are you able to state what your total stealings from the bank had been up to that time? *A.* No, sir.

×-*Q.* 3616. Can you state them approximately? *A.* No, sir.

Mr. Morse. Mr. Dean or Mr. Bunker, have you your figures?

Mr. Bunker. I haven't.

Mr. DEAN. I make it $5,250 since February 11.

Mr. MORSE. That is my figure.

×-*Q.* 3617. In other words, assuming that your estimate of $30,000 was right at that time, the additional items that you give amount to $5,250, according to our computation? *A.* Yes, sir.

The MASTER. $5,250 in addition to the $30,000?

Mr. MORSE. Yes.

×-*Q.* 3618. You don't know whether that is right or not? *A.* I do not.

×-*Q.* 3619. And you haven't, as I understand it, been asked to find out, or to state, what the exact amount taken by you at any time was? *A.* No, sir.

×-*Q.* 3620. So that, so far as the total stealings from the bank are concerned, you are not able to state them? *A.* No, sir.

×-*Q.* 3621. I believe you have already said that the $20,000 was restored to Mr. Dresser's account on the 30th of June, have you not? *A.* I believe I have.

×-*Q.* 3622. Yes. Do you not find that that account remained correct until the 31st of October, that is, four months? *A.* To the 31st of October?

×-*Q.* 3623. To the 31st of October, 1908. *A.* Well, it is up to the end of this book, anyway.

×-*Q.* 3624. How far does that book go? *A.* August 25.

×-*Q.* 3625. Well, take the next book, then, please. Before you close this book perhaps you may as well answer whether, from the 1st of July down to the last entry on that book, there is any false entry, or any new taking of money? *A.* There is.

×-*Q.* 3626. Well, give us those, then, before we go to the other matter. *A.* On July 14, 1908, page 4, checks charged to my account to the amount of $500, not subtracted from the balance, showing a taking of $500.

×-*Q.* 3627. Next? *A.* At the close of business August 8, 1908, the balance to my credit appears on the book as $213.17; carried forward at the close of business on August 10, $2,213.17, or a rise of $2,000.

×-*Q.* 3628. Does that mean that you took $2,000 at that time? *A.* Yes, sir.

×-*Q.* 3629. A new taking? *A.* A new taking.

×-*Q.* 3630. What is the next false entry or illegal taking? *A.* At the close of business August 10, 1908, the balance appearing to my credit on the books is $2,213.17; on August 11, checks charged to the amount of $460; balance carried forward as $3,753.17, a rise of $2,000.

×-*Q.* 3631. Was that additional money taken by you? *A.* Yes, sir.

×-*Q.* 3632. The next. *A.* Nothing more in this book.

×-*Q.* 3633. Before you close that book let me look at it a moment [*examining the book*]. I notice that the footings in this book apparently are in ink, most of them. *A.* Yes, sir.

×-*Q.* 3634. Was there any reason why you made these entries in ink rather than in pencil? *A.* I was requested to by the bank examiner.

×-*Q.* 3635. When did he make that request? *A.* I don't remember on which examination it was.

×-*Q.* 3636. Was it on the June examination? *A.* I should say not; I should say it was the one before that, the one before June.

×-*Q.* 3637. When did you begin to make the entries in ink? *A.* They are made pretty much all through this book.

×-*Q.* 3638. Then it was the December examination? *A.* I couldn't say which, but I know I was requested by one of the bank examiners to make my footings in ink.

×-*Q.* 3639. Do you remember which one? *A.* I do not.

×-*Q.* 3640. Did you have any talk with him other than that? *A.* No, sir; not that I remember of.

×-*Q.* 3641. Did he say why he wanted you to make them in ink? *A.* No, sir.

×-*Q.* 3642. Did you thereafter make them in ink? *A.* No, sir; not all the time.

×-*Q.* 3643. Well, with very few exceptions, you made them in ink, didn't you? *A.* Upon this book; yes, sir.

×-*Q.* 3644. Did a different examiner, bank examiner, examine the books after you went back to the pencil footings, if you did go back to them? *A.* I believe we had a change in examiners. I

believe we used to have Mr. Miles, and then I believe Mr. Miles changed to Mr. Currier; and then the other examiner, whose name I don't remember, was changed to Mr. Pepper.

Mr. PILLSBURY. Sayles?

The WITNESS. Sayles; that is it, Sayles.

×-*Q.* 3645. Well, so long as the examiner continued who had asked you to change the footings to pen and ink footings, you continued to make them by pen and ink? *A.* I believe I did, mostly; yes, sir.

×-*Q.* 3646. And then when another examiner came you again began to make some of them in pencil? *A.* Yes, sir.

×-*Q.* 3647. Where you made them in ink there was more trouble in altering the footings, wasn't there? *A.* Yes, sir.

×-*Q.* 3648. But you did alter them, I presume? *A.* I presume that if there was necessity for it I did.

×-*Q.* 3649. And you did it through erasures? *A.* Why, no; I should think those were — I should say that I had pencil footings there in the first place, and inked them over and erased them.

×-*Q.* 3650. Erased the pencil? *A.* Yes, sir.

×-*Q.* 3651. I don't suppose you have a memorandum of any of those instances, have you? *A.* No, sir.

×-*Q.* 3652. You couldn't find them readily? *A.* What do you mean,— where they were changed?

×-*Q.* 3653. Yes. *A.* No, sir, I could not.

×-*Q.* 3654. It would take a very long and careful examination of this book to find any such instances, wouldn't it? *A.* In the footings; yes, because, as I say, I had them in pencil at first, and then inked them over afterwards.

×-*Q.* 3655. And you don't know what the interval was either between the original footings and the time when you inked them over? *A.* No, sir, I do not.

×-*Q.* 3656. You mean that the pencil footings were correct, and then the ink footings were incorrect, or vice versa? *A.* Why, it might have been that they were both incorrect, or both correct,— that is, if the pencil footings showed an error, the ink footings would show an error, or a false entry.

×-*Q.* 3657. Well, so far as you now know, have you stated all the false entries and all the instances of illegal taking of money down to the time when that book closed? *A.* All I have found; yes, sir.

×-*Q.* 3658. Very well. Then take the next book.

The MASTER. The next book is what?

Mr. MORSE. The next book is from August 25, 1908, to March 30, 1909, and it is Exhibit 61.

×-*Q.* 3659. Referring to that book, will you state what are the first entries which you find that are false, or the first instances of the illegal taking of money? *A.* Whether the first one I find is here?

×-*Q.* 3660. Yes, in that book. *A.* No, sir, it is not.

×-*Q.* 3661. No; you misunderstood my question. What are the first entries you find that are false, or the first takings by you? *A.* September 1.

×-*Q.* 3662. What is that? *A.* I find the balance of Gale & Stone raised $1,000.

×-*Q.* 3663. Well, is that a restoration? *A.* I should say it was.

Mr. NAY. Give the date.

The WITNESS. On September 1.

Mr. NAY. And the page.

The WITNESS. At the close of business August 31, 1908, the balance appearing to the credit of Gale & Stone is $5,446.70; checks charged to the amount of $780.96; deposits credited to the amount of $237.28; balance carried forward $5,903.02. The correct balance should be $4,903.02, a rise of $1,000.

×-*Q.* 3664. You have not given, according to my memorandum, anything charged to Gale & Stone except $500. *A.* Yes, sir, that is all.

×-*Q.* 3665. Well, then, did you give them $500 more than you charged them with? *A.* So it appears at that time.

×-*Q.* 3666. What is the next item? *A.* On November 10, page 3 —

×-*Q.* 3667. Excuse me one moment. Do you find anything else before October 31? *A.* Nothing that I have noted.

×-*Q.* 3668. Now, you testified this morning that this account of Mr. Dresser's, which had been correct from June 30 to October 31, 1908, you made a drop of $20,000, didn't you, on that date, on his account? *A.* I haven't looked through it all. I looked through only a part of that book.

×-*Q.* 3669. Well, look at your book now and see. *A.* I don't see any change in Mr. Dresser's balance.

×-*Q.* 3670. Wasn't there a change between October 31 and the next day? *A.* October 31 and November 1?

×-*Q.* 3671. Yes. *A.* I think you must be mistaken on the date.

×-*Q.* 3672. Then I will ask you this, in order to clear it up: When first, after October 31, 1908, or rather, to put it the other way, when first after June 30, 1908, was any drop made, or change made improperly, in Mr. Dresser's account? Mr. Nay went from one year to another, forward and back here, in such a way that it is a little difficult to make out these entries? *A.* At the close of business January 4, 1909, the balance appearing to the account of Mr. Dresser is $30,965.95; deposits to his credit January 5 to the amount of $440. The balance carried forward is $29,025.95, a difference of $2,380.

×-*Q.* 3673. Well, is that the first drop in Mr. Dresser's account since June 30, 1908? *A.* I believe it is.

×-*Q.* 3674. Then his account for sixth months had been entirely correct, had it? *A.* Yes, sir; I believe so.

×-*Q.* 3675. And the first drop was $2,380? *A.* Yes, sir.

×-*Q.* 3676. And that was a carrying forward of an incorrect amount, was it? *A.* Yes, sir.

×-*Q.* 3677. Let me see that. *A.* [*Pointing on the book.*] That is the balance at the close of business January 4.

×-*Q.* 3678. Now, where is it carried forward? *A.* Here [*indicating*].

Mr. DEAN. You see that is an erasure, Mr. Morse.

Mr. MORSE. Yes; that is what I wanted to ask him about.

×-*Q.* 3679. Is that an erasure? *A.* Yes, sir.

×-*Q.* 3680. That is, that is shown by the ruled line being taken out at that point? *A.* Yes, sir.

×-*Q.* 3681. And that was probably correct at the time, wasn't it? *A.* I should say it was; yes, sir.

×-*Q.* 3682. And some time afterwards, you don't remember when, the erasure was made? *A.* In the next two days. There is no erasure shown there.

×-*Q.* 3683. What did that $2,380 represent? *A.* I should say it represented a taking of that amount.

×-*Q.* 3684. A further taking? *A.* Yes, sir.

×-*Q.* 3685. And was this the first after September 1 that you referred to? *A.* No, sir.

×-*Q.* 3686. What others are there between? This is January 5, 1909, and the question is whether between September 1, 1908, when you say that $1,000 was restored to Gale & Stone, you find any false entry on the books or any taking of money? *A.* On November 10, page 3, 1908, the footing of the total check column appears on the books as $468.22. The correct footing should be $718.22, a difference of $250.

The MASTER. A drop or a rise?

The WITNESS. The footing is a drop.

×-*Q* 3687. Does that mean $250 taken by you at that time? *A.* Yes, sir.

×-*Q.* 3688. Shown in the footing of the total check column? *A.* Footing of the total check column, page 3.

×-*Q.* 3689. That is, you increase the total check column by that amount, do you? *A.* The total check column shows $250 more than the footing shows. There is a check for $250 there. I have taken no account of it.

The MASTER. That is, the column footing is short $250?

The WITNESS. Is short $250.

×-*Q.* 3690. Do you find any other item? *A.* At the close of business November 9, 1908, the balance to the credit of Anna G. Beatey —

×-*Q.* 3691. What is the name? *A.* No; I beg your pardon; it is not Beatey — yes, it is; Anna G. Beatey. It appears on the book as $1,204.55; carried forward November 10 as $204.55, a drop of $1,000.

×-*Q.* 3692. Does that mean $1,000 taken by you? *A.* I shouldn't say so.

×-*Q.* 3693. What does it mean? *A.* A restoration.

×-*Q.* 3694. Restoration to whom? *A.* Why, to the accounts on the book.

The MASTER. To that account?

The WITNESS. Not to that account, but a covering up.

×-*Q.* 3695. You mean you charged that off, apparently, to her account, really to make good some other account? *A.* To increase the liabilities of the bank $1,000.

×-*Q.* 3696. But it was not a fresh taking of money? *A.* No, sir; not at that time.

×-*Q.* 3697. Well, go on. *A.* That Beatey charge is restored December 1.

×-*Q.* 3698. How was it restored? *A.* By raising, restored to her.

×-*Q.* 3699. By raising her balance? *A.* Restored to her account on December 1.

×-*Q.* 3700. No deposit shown? *A.* No, sir.

×-*Q.* 3701. But simply that her balance has $1,000 added to it? *A.* It was raised $1,000.

Mr. MORSE. Mr. Dean, will you give me the date of the bank examination in December, 1908?

Mr. DEAN. November 30.

×-*Q.* 3702. Well, this restoration, then, was made the day after that bank examination, do you mean, or not? *A.* If it was December 1, it must have been the day after.

×-*Q.* 3703. On the day of the bank examination, then, the largest account that you have referred to here, Mr. Dresser's account, was all right? *A.* On th of the examination?

×-*Q.* 3704. Yes. You have said that that was not disturbed until the 5th of January, 1909.

The WITNESS. What date was that examination,— November 30?

Mr. MORSE. November 30, 1908.

The WITNESS. I don't see why his balance was dropped on that date.

×-*Q.* 3705. You don't see that it was dropped? *A.* No, sir.

×-*Q.* 3706. Was there any account on your books, any depositor's account, wrong on the 30th of November, 1908? *A.* Oh, yes.

×-*Q.* 3707. What ones? *A.* Anna G. Beatey is one.

×-*Q.* 3708. That is one. *A.* Samuel Sanders Estate is wrong.

×-*Q.* 3709. Yes? *A.* E. A. Carney's, Claverly Hall —

×-*Q.* 3710. You haven't given us those in your statement of changes here, have you? *A.* I know, but you have asked me another question. You didn't give me a chance to get finished.

×-*Q.* 3711. Why, I have asked you to give me all the instances in which you made false entries, or took money, in that period. *A.* You asked me about one —

×-*Q.* 3712. Well, if I have cut you off, I wish you would continue and tell me any additional false entries or takings of money prior to November 30. *A.* At the close of business November 9, 1908, the balance occurring to the credit of E. A. Carney appears on the book as $1,327.25; checks paid on November 10 to the amount of $81.07; deposits credited to the amount of $100; balance carried forward, $346.18, a difference of $1,000.

×-*Q.* 3713. Do you mean that you took $1,000? *A.* No, sir.

×-*Q.* 3714. Then that represented a restoration of your balance did it? *A.* Yes, sir. At the close of business November 9, 1908, the balance to the credit of Andrew Carlson appears on the book as $1,042.04. Carried forward at the close of business November 10, 1908, as $42.04, a drop of $1,000.

×-*Q.* 3715. Is that a restoration? *A.* Yes, sir.

×-*Q.* 3716. To the bank balance? *A.* Yes, sir.

×-*Q.* 3717. Not a fresh taking of money? *A.* No, sir. At the close of business November 9, 1908, the balance to the credit of Claverly Hall appears on the books as $1,723.75. Carried forward at the close of business November 10, 1908, as $723.75, a drop of $1,000.

×-*Q.* 3718. Is that of the same kind? *A.* Yes, sir.

×-*Q.* 3719. A restoration of a bank balance, and not a fresh taking of money? *A.* Yes, sir.

×-*Q.* 3720. Was there any special reason for making so many of these false entries on the 9th of November? *A.* I was getting ready for the bank examiner.

×-*Q.* 3721. And why was it necessary to do that in order to get ready for the bank examiner? *A.* To make my total deposits agree with Mr. Earl's book.

×-*Q.* 3722. And you succeeded in doing that, did you? *A.* Yes, sir.

×-*Q.* 3723. So that when the bank examiner came he found that your total deposits agreed with Mr. Earl's book, did he? *A.* I believe so. On November 9, 1908, the balance to the credit of George E. Crowell appears on the books as $1,861.13. Carried forward to the close of business November 10, 1908, as $861.13, or a drop of $1,000.

×-*Q.* 3724. That was of the same character, was it? *A.* Yes, sir.

×-*Q.* 3725. There were no checks to show that — simply an incorrect carrying forward of the balances, was it? *A.* Yes, sir. At the close of business November 9, 1908, the balance appearing to the credit of Josephine C. Cunningham is $3,753.71; November 10, deposits to the amount of $138. Carried forward as $2,891.71. It should have been $3,891.71, or a drop of $1,000.

×-*Q.* 3726. The same kind? *A.* Yes, sir. That was restored December 31.

×-*Q.* 3727. You restored these after the bank examiner's work was over? *A.* Yes, sir, most of them.

×-*Q.* 3728. Any more? *A.* On November 9, 1908, the balance appearing to the credit of J. Frank Facey appears on the books as $1,782.47. Carried forward at the close of business on November 10 as $782.47, a drop of $1,000. On November 9, 1908, the balance to the credit of G. W. Gale Lumber Company appears on the books as $7,089.05. Carried forward at the close of business November 10 as $6,089.05, or a drop of $1,000. And that was restored on March 22, 1909.

×-*Q.* 3729. That was of the same character, was it, as the other entries? *A.* Yes, sir. No; that is my mistake. That was restored on February 25, 1909.

×-*Q.* 3730. That is when it was restored? *A.* Yes, sir. On November 9, 1908, the balance to the credit of A. E. Haines appears on the book as $3,476.59; carried forward November 10 as $476.-59, or a drop of $3,000.

×-*Q.* 3731. Was that of the same character? *A.* Yes, sir. The balance to the credit of The Holy Ghost Hospital —

×-*Q.* 3732. Same date? *A.* Same date, — appears on the books as $4,239.92; checks paid to the amount of $6.73; carried forward to the close of business on the 10th as $2,233.19, a drop of $2,000.

×-*Q.* 3733. Of the same character? *A.* Yes, sir.

×-*Q.* 3734. If you have a memorandum there as to when that was restored you may state it — The Holy Ghost Hospital account. *A.* No, sir, I haven't a memorandum of that restoration. The balance to the credit of Lucy O. Lockhart at the close of business November 9 appears on the books as $2,883.41, carried forward at the close of business November 10 as $883.41, or a drop of $2,000.

×-*Q.* 3735. That is not the Lockhart in the employ of the bank? *A.* His aunt, I believe.

×-*Q.* 3736. Was that of the same character, that entry? *A.* Yes, sir. On November 9, 1908, the balance appearing to the credit of H. E. McGoldrich & Sons Company appears on the book as $5,318.99; checks charged on November 10 to the amount of $2,-697.99; deposits credited to the amount of $1,474.30; the balance is carried forward as $3,095.30, a drop of $1,000.

×-*Q.* 3737. Was that of the same character? *A.* Yes, sir.

×-*Q.* 3738. Well, go on. Anything more? *A.* On the close of business November 9, 1908, the balance appearing to the credit of G. A. A. Pevey, Trustee, appears to the amount of $3,218.84; carried forward to the close of business on the 10th as $2,218.84, a drop of $1,000.

×-*Q.* 3739. Was that of the same character? *A.* Yes, sir. On November 9, 1908, the balance appearing to the credit of Charles E. Pierce is $8,996.30; on November 10 checks paid to the amount of $1,937.50, deposits to the amount of $10; balance carried forward as $4,068.80, a difference of $3,000.

×-*Q.* 3740. Is that of the same character? *A.* Yes, sir. On

November 9, the balance to the credit of Charles E. Pike on the book was $1,280.47; carried forward at the close of business November 10 as $280.47, or a drop of $1,000.

×-*Q.* 3741. Is that of the same character? *A.* Yes, sir. At the close of business November 9, 1908, the balance to the credit of The Prudential Insurance Company appears on the books as $3,-140.91; deposits credited to their account on November 10 to the amount of $187.76; balance carried forward as $2,328.67, a drop of $1,000.

×-*Q.* 3742. Was that of the same character? *A.* It was. At the close of business November 9, 1908, the balance appearing to the credit of H. A. Raymond was $1,554.43; carried forward at the close of business November 10, 1908, as $554.43, a drop of $1,000.

×-*Q.* 3743. That was of the same character? *A.* Yes, sir. At the close of business November 9, 1908, the balance appearing to the account of F. W. & E. H. Rogers was $2,200, carried forward at the close of business November 10, 1908, as $1,200, a drop of $1,000.

×-*Q.* 3744. That was of the same character? *A.* Yes, sir. At the close of business November 9, 1908, the balance appearing to the credit of Charles H. Smith was for the amount of $2,592.58; carried forward at the close of business November 10 as $592.58, a drop of $2,000.

×-*Q.* 3745. That was of the same character? *A.* The same character. At the close of business November 9, 1908, the balance appearing to the credit of the Standard Diary Company was the amount of $43,114.49; checks charged to the account to the amount of $928.94; balance carried forward November 10 as $40,185.55, a drop of $2,000.

×-*Q.* 3746. That was of the same character? *A.* Yes, sir. At the close of business November 9, 1908, the balance appearing to the credit of A. C. R. Stubbs was to the amount of $1,867.08; checks paid on November 10 to the amount of $6; balance carried forward as $861.08, a drop of $1,000.

×-*Q.* 3747. That was of the same character? *A.* Yes, sir. On November 9, 1908, the balance to the credit of J. Tishler appeared

on the books as $2,147.63; on November 10 checks paid to the amount of $25; carried forward at the close of business as $1,122.-63, a drop of $1,000.

×-*Q.* 3748. This was of the same character? *A.* Yes, sir. At the close of business November 9, 1908, balance appearing to the credit of C. D. Wilder appearing on the books as $1,057.85; carried forward at the close of business November 10, 1908, as $57.85, a drop of $1,000.

×-*Q.* 3749. Of the same character? *A.* Yes, sir. On December 1, 1908,—

Mr. DEAN. That is after the bank examiner came, December 1.

Mr. MORSE. Yes.

×-*Q.* 3750. You have given everything up to November 30, have you? *A.* Yes, sir.

×-*Q.* 3751. Why did you make those various false entries on the 9th of November? *A.* To get ready for the bank examiner.

×-*Q.* 3752. Well, had you any knowledge or information at that time to lead you to think he would come before December? *A.* Well, we knew how he always did come within two or three days of that given time.

×-*Q.* 3753. Well, this was November 9; this was a month in advance. *A.* This was a month in advance?

×-*Q.* 3754. He was not due until December, was he? *A.* Why, I was getting ready for him.

×-*Q.* 3755. Had you any intimation that he was coming earlier than usual that year? *A.* No, sir.

×-*Q.* 3756. After you had made these entries on November 9 had you in effect charged off all the amount of your stealings? *A.* I had; yes, sir; in one way and another.

×-*Q.* 3757. Now, to get that sum exact, do you include in that amount the first items which you gave, which you called restorations? *A.* I include all I gave on November 9.

×-*Q.* 3758. No; that is not my question. You began with the item of A. G. Beatey, $1,000? *A.* Yes, sir.

×-*Q.* 3759. Did you make that entry for the purpose of concealing previous takings? *A.* Yes, sir.

×-*Q.* 3760. Then, to get at the entire amount of your takings, if we begin with that $1,000, and add in all the rest of the items you have given, would that show the amount up to that time? *A.* Including $8,000 in the estate of Samuel Sanders.

×-*Q.* 3761. Now, just put these figures down as I have taken them for my purpose:

| | | |
|---|---|---|
| $1,000 | 3,000 | 1,000 |
| 1,000 | 2,000 | 1,000 |
| 1,000 | 2,000 | 2,000 |
| 1,000 | 1,000 | 2,000 |
| 1,000 | 1,000 | 1,000 |
| 1,000 | 3,000 | 1,000 |
| 1,000 | 1,000 | 1,000 |
| 1,000 | 1,000 | |

That makes a total of $31,000.

Mr. DEAN. $40,000 total stealings to this date.

Mr. MORSE. This accounts for charging off those various accounts to the amount of $39,000. Mr. Dean's figures of the entire amount taken are $40,000. Have you any means of stating which is the correct figure of the amount of your takings up to that time?

The WITNESS. I make it $42,000.

Mr. MORSE. The witness says he makes it $42,000.

×-*Q.* 3762. How do you make it $42,000? Give us the items. I don't care for the names and dates, but read off the figures that make $42,000. *A.* I have Anna G. Beatey $1,000 —

Mr. DEAN. These are the restorations?

Mr. MORSE. He is giving the items going to make up the $42,000 which he says was the amount of his total takings at that time, and he begins with the Beatey item. That is the one I began with.

The WITNESS. Anna G. Beatey, $1,000;
Carney, 1,000;
Andrew Carlson, 1,000;
Claverly Hall, 1,000;
George E. Crowell, dropped, 1,000;
Josephine C. Cunningham, drop, 1,000;

J. Frank Facey, drop, 1,000;
George W. Gale Lumber Company, drop, 1,000;
A. E. Haines, drop, 3,000;
The Holy Ghost Hospital, dropped, 2,000.

The MASTER. Lucy O. Lockhart.

Mr. MORSE. Lockhart is the next one I have.

The WITNESS. Yes, I left one out. On November 9, the balance appears to the credit of J. Frank Kennedy, $6,663.25; carried forward at the close of business November 10 as $3,663.25, a drop of $3,000.

Mr. MORSE. That would make it.

The WITNESS. That makes it.

×-*Q.* 3763. $42,000? *A.* $42,000.

×-*Q.* 3764. That makes $42,000, and that sum represented, as you understand and state, the amount of your stealings to that date? *A.* Yes, sir.

×-*Q.* 3765. You had charged off all of those as of the 9th of November to these different accounts except the one of $8,000? *A.* Of the Sanders Estate.

×-*Q.* 3766. Which had been there for some time before? *A.* Yes, sir.

×-*Q.* 3767. So that between the 9th of November and the day of the examination by the bank examiner there was not an incorrect entry of any sort upon your books, was there? *A.* I couldn't say as to that.

×-*Q.* 3768. Well, you haven't found any, have you? *A.* I haven't found any; no, sir.

×-*Q.* 3769. And if the bank examiner on the 30th of November had footed up the columns, or in any other way had tested the book, unless he had got back as far as the 9th of November he wouldn't have found any error? *A.* No, sir.

×-*Q.* 3770. Now, subsequently — I don't think I can take up the time to go into it now, but subsequently you restored most of these balances, didn't you? *A.* Yes, sir.

×-*Q.* 3771. Or all of them. Did all these accounts remain short of their true balance from that time down to the time when the

bank closed, or were there times during which the balances were correct? *A.* I believe they were all short.

×-*Q.* 3772. Well, short these amounts, or in varying amounts? *A.* Those amounts.

×-*Q.* 3773. You don't think that any of these amounts were restored? *A.* Not before the bank examiner came; no, sir.

×-*Q.* 3774. No; you misunderstood my question. I mean before the bank failed. *A.* Oh, certainly.

×-*Q.* 3775. Well, that is what I mean. Is it not true that the accounts of all these depositors were right from time to time after the date of this bank examination in November, before the bank failed in February, 1910? *A.* I presume they were.

The MASTER. Do you mean all or some?

Mr. MORSE. All of them.

The WITNESS. No; I shouldn't say all of them; some of them.

×-*Q.* 3776. Do you know any that remained wrong from the time that they were made wrong until the bank failed? *A.* I should think that the Sanders Estate was one that remained wrong.

×-*Q.* 3777. Do you remember any other? *A.* And I think Mr. Kennedy's balance remained wrong.

×-*Q.* 3778. Any other? *A.* I don't think of any other.

×-*Q.* 3779. Then, with the exception of those two accounts, there was no depositor's account on your book which was not right more or less of the time down to the time the bank failed? *A.* At times.

×-*Q.* 3780. You were shifting these items from time to time from one account to another? *A.* Yes.

×-*Q.* 3781. And if a director had wanted to examine his own account on your book, unless he had happened to examine it on a day when the balance was wrong, there wouldn't be anything, of course, to excite his suspicion? *A.* No, sir.

×-*Q.* 3782. Did you ever see or find any director coming to your book to make an examination of his own balance? *A.* Not that I remember, outside of Mr. Dresser, and I won't say that he examined his own balance.

×-*Q.* 3783. You have testified that on the 5th of January, 1909,

you dropped $2,380 from Mr. Dresser's account. That was restored the next day, wasn't it? Please look at the book after January 6, 1909. *A.* No, sir; I don't see that that is so.

×-*Q.* 3784. What was the balance on January 6, 1909? *A.* $33,143.27. There is a deposit credited on January 6 of $1,117.32.

×-*Q.* 3785. Did that still show a shortage of $2,380? *A.* Yes, sir.

×-*Q.* 3786. Do you find that that was restored at any time after that.

Mr. DEAN. Mr. Morse, he said that on January 4 Mr. Dresser's balance was $30,965.95.

×-*Q.* 3787. At the close of business January 4, 1909, Mr. Dresser's balance was $30,965.95. How was that as regards the true balance? *A.* $300.

×-*Q.* 3788. $300 too small, is it? *A.* Yes.

×-*Q.* 3789. "On January 5 there was a deposit of $440. The correct balance is $31,405.95. It is carried forward as $29,025.95, so it is short $2,380." I will put you this question: Whether or not, if you can remember, or can state by reference now to the books, Mr. Dresser's balance was restored, or his account made right, at any time?

Mr. NAY. After what?

Mr. MORSE. Well, after October 31, 1908.

×-*Q.* 3790. You testified that on the 5th of January, 1909, $2,380 was dropped, and my question is whether at any time subsequently, and before the failure of the bank, in the following year, his balance, or his account, was made right. *A.* I don't remember whether it was or not. I can look it up and see.

×-*Q.* 3791. Unless you have looked it up so that you can answer it without taking up a good deal of time, I won't pursue that matter at this time. You couldn't state that? *A.* I couldn't state.

×-*Q.* 3792. Very well. I will leave that for the present. Now, then, I want you to state, beginning with — let me see; you left off in November, 1908, did you not? *A.* I did.

×-*Q.* 3793. I want you to state, beginning with November, 1908, beginning with the point where you left off, November 9, 1908,—

state every instance that you find of false entry, or of illegal taking of money. If I may interrupt myself again, I forgot to ask you, did you have a vacation in 1908? *A.* Yes, sir, I should say I did.

×-*Q.* 3794. When? *A.* August 14 to August 31.

×-*Q.* 3795. Seventeen days. During that time who took your place? *A.* I don't remember.

×-*Q.* 3796. Whose handwriting is it on your book? *A.* I couldn't say whose it was.

×-*Q.* 3797. Is it Lockhart's? *A.* It may be. I couldn't say.

×-*Q.* 3798. Do you know Lockhart's hand? *A.* Why, I don't know that I am very familiar with it. It is either his or Mr. Paul's, I don't know which.

×-*Q.* 3799. It runs along through these pages I am looking at, doesn't it? *A.* That is my writing there.

×-*Q.* 3800. I thought you said your vacation began on the 14th of August. *A.* That is my writing there.

×-*Q.* 3801. But this is the 15th, and 17th, and 18th,—is that your handwriting? *A.* I don't think it is; no, sir.

×-*Q.* 3802. That is what I am looking at. Whose handwriting is that? The 15th was Saturday and the 17th was Monday. Don't you know whose writing that is? *A.* Either Mr. Lockhart's or Mr. Paul's; I don't know which.

×-*Q.* 3803. Why, you were very familiar with Paul's handwriting, weren't you? *A.* I don't think I was.

×-*Q.* 3804. You had been there in the bank with him for several years, hadn't you? *A.* I had.

×-*Q.* 3805. And you can't tell whether this was Lockhart's or Paul's, can you? *A.* No, sir, I cannot.

×-*Q.* 3806. Well, whichever one it was, he went right along, keeping these accounts, and when you came back he didn't call your attention to any error in the accounts, did he? *A.* No, sir.

×-*Q.* 3807. And yet there were at that time in these accounts errors of the kind that you have pointed out? *A.* I believe so.

×-*Q.* 3808. Must have been, mustn't there? *A.* Yes, sir.

×-*Q.* 3809. You were concealing a large amount of money which you had taken from the bank by false entries, and those false entries would affect these accounts, of course? *A.* Yes, sir.

×-*Q.* 3810. And another man came in and kept those accounts for two weeks, and at the end of that time turned over the book to you without saying anything to you about any errors he had found? *A.* Not that I remember of.

×-*Q.* 3811. Well, didn't Lockhart some time to your knowledge take your place? *A.* Yes, sir.

×-*Q.* 3812. Wasn't it this year (1908)? *A.* I couldn't say whether it was that year or not.

×-*Q.* 3813. Did you ever tell Lockhart that you were stealing from the bank? *A.* I did not.

×-*Q.* 3814. Or give him any information at all on the subject? *A.* No, sir.

×-*Q.* 3815. Did you tell Lockhart that you had money of your own? *A.* I did not.

×-*Q.* 3816. Well, when you employed him in connection with these transactions with Reinhardt and others, did you say anything about your own private business? *A.* I didn't employ Lockhart in the transactions between Reinhardt and the bank.

×-*Q.* 3817. Did you employ Lockhart in any way? *A.* Lockhart worked for the Kissel Kar Company; yes, sir.

×-*Q.* 3818. Did he do anything for you personally? *A.* Yes, sir.

×-*Q.* 3819. What was it? *A.* He wrote letters, and ran an automobile, and in fact did anything I told him.

×-*Q.* 3820. Do you mean at times when he was not in the employ of the bank? *A.* Yes, sir.

×-*Q.* 3821. Did you pay him for that service? *A.* I did.

×-*Q.* 3822. Regular wages? *A.* Yes, sir.

×-*Q.* 3823. And what were they? *A.* I think about $15 a week.

×-*Q.* 3824. When did he go into your employ? *A.* I don't remember whether it was 1908 or 1909; I couldn't say.

×-*Q.* 3825. Was it before he had been employed by the bank to take your place on the books? *A.* Lockhart worked in the bank for several years.

×-*Q.* 3826. I know, but he hadn't worked on these books, had he, before then? *A.* I couldn't say.

×-*Q.* 3827. He had been messenger at the bank, hadn't he? *A.* Oh, he had worked on the books before.

×-*Q.* 3828. As bookkeeper? *A.* That was not his position, but he had worked on the books.

Mr. NAY. Before what? You say he had worked on the books before. Before what?

The WITNESS. Before he worked for me.

×-*Q.* 3829. After you became bookkeeper of the bank, when first did Lockhart come into the employ of the bank in any capacity, temporarily, or in any other way? *A.* I believe Lockhart was the next messenger of the bank that followed me in the bank as messenger.

×-*Q.* 3830. In what year? *A.* 1904.

×-*Q.* 3831. And how long did he remain as messenger? *A.* To either 1908 or 1909.

×-*Q.* 3832. Until that time? *A.* I think so.

×-*Q.* 3833. For four years or so? *A.* I think so.

×-*Q.* 3834. And until he went into your employ? *A.* No, sir; he went and took a course in Burdett's Business College, shorthand and typewriting, stenography.

×-*Q.* 3835. Then he left the bank and went to this college, did he? *A.* Yes, sir.

×-*Q.* 3836. And stayed there how long? *A.* One year, I believe. It may have been a little longer than that; it may have been about a year.

×-*Q.* 3837. Then when he came out did he come into your employ? *A.* He did.

×-*Q.* 3838. And when you say in your employ, do you mean your personal employ, or in the employ of the Kissel Kar Company? *A.* I should say in my employ.

×-*Q.* 3839. Well, what did you tell him you wanted anybody to work for you for? *A.* Why, as I said, he wrote letters.

×-*Q.* 3840. Of what class? *A.* Wrote business letters.

×-*Q.* 3841. What business did you have? *A.* Kissel Kar Company.

×-*Q.* 3842. Yes, but the business of the Kar Company was one

thing, and your private business was another. *A.* Well, we will say we were both employing him, the Kissel Kar Company was employing him and I was employing him.

×-*Q.* 3843. What was the fact about it? *A.* Well, he worked for both of us.

×-*Q.* 3844. Were you both paying him a salary? *A.* Yes, sir.

×-*Q.* 3845. Who paid him? *A.* I paid him some, and the Kissel Company paid him also.

×-*Q.* 3846. How much was it altogether? *A.* Fifteen dollars.

×-*Q.* 3847. If that was the amount that was paid to him altogether, how much did you pay him? *A.* I paid him five or six dollars.

×-*Q.* 3848. Then when you answered a moment ago that you paid him $15, you didn't mean that you personally paid him $15? *A.* No, sir.

×-*Q.* 3849. And his duties were to be anything that you wanted him to do? *A.* Yes, sir.

×-*Q.* 3850. What he did for you was to write letters, and what else? *A.* Run errands, drive cars.

×-*Q.* 3851. What sort of errands? *A.* Any sort of errands; drive cars, demonstrate cars —

×-*Q.* 3852. You used him in connection with these transactions with Reinhardt, didn't you? *A.* Sometimes; yes, sir.

×-*Q.* 3853. He took checks payable to his own order at times, didn't he? *A.* He took checks payable to his own order?

×-*Q.* 3854. Yes. *A.* Not that I know of; none to my knowledge.

×-*Q.* 3855. The checks were always made to your order, were they? *A.* No, sir; they were made payable to the order of J. Thomas Reinhardt.

×-*Q.* 3856. Weren't they endorsed by him to your order? *A.* No, sir; they were not.

×-*Q.* 3857. Or to Lockhart's? *A.* No, sir.

×-*Q.* 3858. Now, he went into your employ which year? *A.* I don't remember whether it was 1908 or 1909.

Mr. NAY. It was the Reinhardt check to Lockhart on which the cash was obtained.

×-*Q.* 3859. You knew that Reinhardt gave his check to the order of Lockhart, didn't you? *A.* He did sometimes, I believe.

×-*Q.* 3860. I wish you would try to fix these dates a little more closely when he went into your employ, and when he was employed by the bank. *A.* Well, I have no definite way of knowing. It was either the year 1908 or 1909.

×-*Q.* 3861. Do you recognize this check as Lockhart's signature? [*I show the witness the endorsement of Lockhart on a check of Reinhardt, which has already been put in evidence as Exhibit 11.*] Do you recognize that as Lockhart's handwriting? *A.* I should say that was Lockhart's handwriting; yes, sir.

×-*Q.* 3862. Then you do know his handwriting well enough for that? *A.* I should say it was.

×-*Q.* 3863. Knowing that handwriting, are you able to state whether these entries on this book are in his handwriting? *A.* I don't see anything on there but figures to enable me to tell whether that is Lockhart's or not.

×-*Q.* 3864. Whose handwriting is this "Margaret Hayes"? *A.* I shouldn't call it Lockhart's.

×-*Q.* 3865. Whose is it? *A.* I should say it is Mr. Paul's.

×-*Q.* 3866. And the one above there? *A.* I should say that was Mr. Paul's.

×-*Q.* 3867. I point out "Horace J. Gray, Special". These are under date of August 15, 1908. That would indicate, then, that Mr. Paul was keeping the book, would it, at that time? *A.* I should say so; yes, sir; but I am not a handwriting expert.

×-*Q.* 3868. Well, you are a pretty fair expert, I should think. You notice several other names written in here. Do you think those are in Paul's handwriting? *A.* I think they are.

×-*Q.* 3869. This book ends on the 25th of August, and on the very last page is another depositor's name — Wentworth — S. M. Wentworth. Should you say that also was Paul's? *A.* I am afraid that is Lockhart's handwriting, the whole of it.

×-*Q.* 3870. You are afraid it is Lockhart's handwriting? *A.* I am afraid it is Lockhart's writing; I am not sure of it, but I think it is.

Mr. NAY. I would like to say this, if I may interrupt at this stage: Mr. Coleman, with the marshal, went over to his mother's house yesterday, or the day before, and he found three stubs of check books for checks that he had drawn back in 1907. These I had never seen before, and I did not know that they were in existence; and if Mr. Morse has no objection I would like to ask Mr. Coleman a few questions about these before he resumes his cross-examination.

Mr. MORSE. All right.

*Direct Examination resumed.*

*Q.* 3871 (*by* Mr. NAY). These three stub books which I hand you, where did you find those? *A.* In a drawer in my desk.

*Q.* 3872. And they were not called to counsel's attention until this morning, were they? *A.* No, sir.

*Q.* 3873. Now, these apparently are the stubs of checks drawn, the first one August 8, 1907, running to September 16, 1907; that is right, is it not? *A.* Yes, sir.

*Q.* 3874. The second one having the first entry September 19, 1907, and the last entry November 15, 1907? *A.* Yes, sir.

*Q.* 3875. And the third one, the first entry being November 16, 1907, and the last entry December 16, 1907? *A.* Yes, sir.

*Q.* 3876. Now, let us take those, and I will call your attention to certain entries.

[*The check stub books referred to are marked for identification, respectively,* "Exhibit 138, R. H. J.", "Exhibit 139, R. H. J." *and* "Exhibit 140, R. H. J.".]

*Q.* 3877. On what bank were the checks that were formerly attached to these stub books? *A.* The National City Bank, Cambridge.

*Q.* 3878. I will skip the smaller amounts, and ask you to read the date and the person to whom the check was payable, and the amount, on certain leaves which I will point out [*indicating a leaf*]. *A.* August 10, 1907, G. W. C., cash $50.

*Q.* 3879. Now this one [*indicating*]. *A.* August 12, 1907, Towle & Fitzgerald, stock, $792.

Mr. MORSE. Allow me to ask, if I may properly, merely to satisfy my own mind, whether you claim that these are stubs of the checks which Coleman has testified that he drew, that constituted the frauds on the bank.

Mr. NAY. I think some of them are, and I think that others are cases in regard to which he is uncertain. With these stubs before him he could probably testify definitely, with the stubs to refresh his recollection.

Mr. MORSE. These do not furnish a record of the checks which were illegally drawn by him on the bank?

Mr. NAY. Not a complete record, but there are items on these stubs which indicate that certain things were charged in wrongfully to other accounts, and they would help in making up the account at a later stage.

Mr. MORSE. Have you any objection to Mr. Pillsbury's looking them over?

Mr. NAY. Not the least.

[*The three check stub books are passed to and examined by Mr. Pillsbury.*]

*Cross Examination resumed.*

×-*Q.* 3880 (*by* Mr. MORSE). I think that at the adjournment you had testified that all the entries made upon the depositors' ledger during the period of this August vacation in 1908 were made by Lockhart, had you not? *A.* Yes, sir.

×-*Q.* 3881. I wish now you would turn to the beginning of the account kept by him. When did you take your vacation? *A.* August 14.

×-*Q.* 3882. What day of the week was that? *A.* Friday.

×-*Q.* 3883. Is that the day that Lockhart's account begins? *A.* No; it commences on the 15th.

×-*Q.* 3884. Saturday? *A.* Saturday, yes, sir.

×-*Q.* 3885. His entries begin on the 16th? *A.* On the 15th.

×-*Q.* 3886. Which was Saturday? *A.* Yes, sir.

×-*Q.* 3887. Did you see Lockhart, or talk with him, before you went away? *A.* I think I probably did; yes, sir.

×-*Q.* 3888. You knew that he was to keep the books in your absence? *A.* I did.

×-*Q.* 3889. Did you give him any special instructions? *A.* No, sir.

×-*Q.* 3890. Or any special information? *A.* No, sir.

×-*Q.* 3891. He took the book just as it was, then? *A.* Yes, sir.

×-*Q.* 3892. He was familiar with the bookkeeping, was he? *A.* Yes, sir.

×-*Q.* 3893. Do you know now what the condition of these various accounts was,— I mean to say, had you at that time charged off all these takings of money to different accounts, or not? *A.* I believe I had. I see I proved up the book that Friday night.

×-*Q.* 3894. Where does it appear that you proved up the book? *A.* There [*indicating*].

×-*Q.* 3895. You mean that pencil "P"? *A.* Yes. That is carried forward.

Mr. NAY. The witness turns to August 15, page 1, and points to a pencil letter "P", at the left of the first balance column.

×-*Q.* 3896. Is there anything else to indicate that you balanced up the books then? *A.* Yes, the balance carried forward at the close of business Friday, which is something unusual.

×-*Q.* 3897. Was that a correct balance or not? *A.* No, it couldn't have been a correct balance.

×-*Q.* 3898. It was short the amount of money that you had taken? *A.* Up to that time; yes, sir.

×-*Q.* 3899. And the individual depositors' accounts were wrong, too? *A.* Some of them.

×-*Q.* 3900. Do you remember how many, or what they were? *A.* No, sir.

×-*Q.* 3901. Every entry on the book after that date, and until your return, was made by Lockhart, was it not? *A.* Well, I couldn't say as to that.

×-*Q.* 3902. Well, look it over and see.

Mr. NAY. From August 1 to August 15?

Mr. MORSE. August 15 Lockhart began. If you see any other

handwriting, please mention it, [*The witness proceeds to turn over the pages of the book.*] Several new accounts came in, did they not?

*A.* No, I haven't seen any yet.

×-*Q.* 3903. That [*pointing*]? *A.* Those are not new ones.

×-*Q.* 3904. Well, there are quite a number of the depositors' names written in ink. I supposed that they were new, some of them. *A.* They were new in the sense of coming in after the beginning of this book. They came in during this period, but not on that day. [*The witness turns over the pages to the end of the book.*]

×-*Q.* 3905. You need not go to the other book yet. So far as this book is concerned, do you find any other writing after Lockhart began to write on the 15th? *A.* It all appears to be Lockhart's writing.

×-*Q.* 3906. Now go back to the 15th of August.

Mr. MORSE. The witness states that, so far as this book goes, which ends on the 21st of August, there is no other handwriting on this book after Lockhart began to write in it on the 15th, except Lockhart's.

The WITNESS. None that I find.

Mr. MORSE. None that you find.

Mr. NAY. Is that his [*pointing*]?

The WITNESS. I believe it is. I am not positive.

×-*Q.* 3907. Are you able to state which were the individual depositors' accounts which had been falsely charged with checks or drafts at the time that you left this book?

Mr. NAY. That is, which ones were short when Lockhart took it over?

Mr. MORSE. Yes.

*A.* I might be able to state one or two. I don't know that I could state the whole of them.

×-*Q.* 3908. State them as nearly as you can. *A.* Well, there is the Samuel Sanders Estate, which is short.

×-*Q.* 3909. $8,000? *A.* All of that, I should say.

×-*Q.* 3910. Anything more? *A.* I think that Frank Kennedy's was short.

×-*Q.* 3911. How much? *A.* Probably two or three thousand dollars. No; Frank Kennedy's was not short.

×-*Q.* 3912. Kennedy's was not short? *A.* No; I raised Kennedy's $8,000 on August 11th. Mr. Dresser's balance was short $20,000. That is all I notice in going over it casually.

×-*Q.* 3913. You think, however, that you had charged off all your takings to individual accounts before you left? *A.* Yes, sir.

×-*Q.* 3914. And you did it purposely, in order that there might not appear to be any discrepancies in the books? *A.* Yes, sir.

×-*Q.* 3915. The Stratton account, was that short at that time,— F. C. Stratton, Special? *A.* Yes, sir; I see that was short.

×-*Q.* 3916. How much? *A.* $1,000.

×-*Q.* 3917. Did you tell Lockhart that any of these accounts were short? *A.* I did not.

×-*Q.* 3918. You took the chance, then, of some one or more of these depositors either making drafts on the bank for more than the apparent balance to their credit, or of coming to the bank to verify the balances on their pass books? *A.* Yes, sir.

×-*Q.* 3919. And on your return you learned, I assume, that nothing of that sort had occurred? *A.* I heard of nothing that I know of.

×-*Q.* 3920. Did you look over the book as kept by Lockhart in your absence? *A.* I believe I did.

×-*Q.* 3921. Was it correctly kept? *A.* As far as I could find out.

×-*Q.* 3922. All deposits and checks were properly entered? *A.* Appeared to be.

×-*Q.* 3923. Balances properly figured? *A.* They appeared to be.

×-*Q.* 3924. And carried forward? *A.* Yes, sir.

×-*Q.* 3925. So that for that period the books were in every respect honestly kept? *A.* So far as I know; yes, sir.

×-*Q.* 3926. And accurately kept? *A.* Yes, sir.

×-*Q.* 3927. What was the last date on the book that you have been testifying to? *A.* August 25.

×-*Q.* 3928. Well, then, begin with the next book, and state

from what date to what date the entries were made by Lockhart. *A.* From August 26 to 29, inclusive.

×-*Q.* 3929. And are all those entries in his handwriting? *A.* They all appear to be.

×-*Q.* 3930. And your answer already given covered those entries as well as the preceding ones,—that they are accurate in every respect? *A.* Yes, sir, so far as I know.

×-*Q.* 3931. Lockhart didn't report that he had discovered any error in the books when you returned, did he? *A.* No, sir.

×-*Q.* 3932. And at no time? *A.* Not that I remember.

×-*Q.* 3933. So far as you know and believe, then, Lockhart, although he had had the books in his possession, these two different volumes, for this period, had not found any error in them? *A.* Not to my knowledge.

×-*Q.* 3934. And he was a perfectly competent bookkeeper, was he? *A.* Well, I don't believe he had studied bookkeeping.

×-*Q.* 3935. But he kept these books with perfect accuracy, didn't he? *A.* Oh, yes.

×-*Q.* 3936. He hadn't noticed any erasures or changes in your figures anywhere? *A.* I couldn't say as to that. He didn't speak about it if he did.

×-*Q.* 3937. He didn't report any to you? *A.* No, sir.

×-*Q.* 3938. And he believed you were perfectly honest, did he? *A.* Yes, sir.

×-*Q.* 3939. I wish now you would proceed after your return on August—what day was it? *A.* August 31, 1908.

×-*Q.* 3940. You had covered, I think, the false entries and takings after that date down to and including the 9th of November, or have you gone beyond that? *A.* I don't remember the last.

×-*Q.* 3941. Well, you have gone as far as the 9th of November, but my question is whether you have gone beyond that. Yes, December 1, you gave some, but, in order to make perfectly sure that we are covering everything, will you look at the book after the 9th of November and state again, if necessary, what false entries were made by you, or what takings of money.

Mr. NAY. Did Lockhart keep the books up to August 31?

The WITNESS. He kept them up to the close of business August 29.

×-*Q.* 3942. That was Saturday? *A.* Yes, sir.

×-*Q.* 3943. Mr. Bunker thinks that you have testified already — and very likely you have — that after that date, until the bank examiner came, there were no further false entries or takings. *A.* None that I could find.

×-*Q.* 3944. You can't find any? *A.* There are none that I have found.

×-*Q.* 3945. And you have testified, I think, or it has appeared, that that bank examination was the 30th of November? *A.* Yes, sir; I believe it was the 30th of November.

×-*Q.* 3946. Well, now, starting from that date, state all the false entries and takings that you find. *A.* Did I testify to the $2,380 on Mr. Dresser's account yesterday?

×-*Q.* 3947. I think you did. I think you gave that as in January, 1909, didn't you?

The MASTER. January 4 and 5.

×-*Q.* 3948. Was there anything before that? *A.* I have been up as far as that, I believe.

×-*Q.* 3949. Was there $300 on the 21st of December, 1908? *A.* The 21st?

×-*Q.* 3950. Yes. *A.* On December 21 Mr. Dresser's balance was lowered $300; yes, sir.

×-*Q.* 3951. How was that entry made? *A.* Just a drop of $300.

×-*Q.* 3952. A drop of $300? *A.* Yes, sir.

×-*Q.* 3953. Was that a fresh taking by you?

The MASTER. What was the drop,— in the account, or in the footing?

The WITNESS. A drop in the account.

×-*Q.* 3954. A drop in Mr. Dresser's balance, is that what you mean? *A.* Yes, sir. I couldn't say for sure whether that was a fresh taking or not.

×-*Q.* 3955. You would not say that it was, then? *A.* I wouldn't say that it was, and I wouldn't say that it was not.

×-*Q.* 3956. Do you find a restoration to Mr. Dresser's account

on the 6th of January, 1909? *A.* No, sir; I find a drop on January 5–6.

×-*Q.* 3957. Of how much? *A.* $2,380.

×-*Q.* 3958. That you have testified to? *A.* Yes, sir.

×-*Q.* 3959. Do you find any other false entry on Mr. Dresser's account at or about that time? *A.* No, sir, I don't find any.

×-*Q.* 3960. Did this $2,380 represent a fresh taking? *A.* It did.

×-*Q.* 3961. How do you know that? *A.* On January 5, page 5, the checks in the deposit column are added correctly —

×-*Q.* 3962. That you need not go over again. I understand you to have stated that there was a false entry there. My question was how you know that represented a fresh taking? *A.* That is what I was going to tell you. In carrying forward the total balance column at the close of business on the 5th I dropped it $2,380. That is the same as if I put in a check for $2,380. It increases the liabilities $2,380 that day.

×-*Q.* 3963. I want to go back one step now —

The Master. Increased?

The Witness. I increased the liabilities, and decreased the resources — I mean I decreased the liabilities $2,380.

×-*Q.* 3964. I want to go back a step now. You testified yesterday that on the 30th of June, 1908, Mr. Dresser's balance was all right on the book? *A.* Yes, sir.

×-*Q.* 3965. You testified this morning that when you left in August, on the 14th or 15th of August, there was a drop, or had been a drop, of $20,000 in his account? *A.* I said I thought so.

×-*Q.* 3966. But you have not given in your account of the false entries any such sum as $20,000 deducted from his account after the 30th of June, 1908, and before the 15th of August. *A.* I may be mistaken; I didn't look back on it at that time.

×-*Q.* 3967. Let me see if I don't state it correctly. You testified yesterday, as I understood, that from June 30, 1908, his account stood correctly upon your books until the 31st of October, 1908. Did you testify that there was a drop of $20,000 on the 31st of October? I wish you would look at your book now for the 31st of October, 1908, and see whether there is any drop at that time.

Mr. NAY. With Mr. Morse's permission, I will state that Mr. Coleman is mistaken on that, that Mr. Dresser's account was not short $20,000 while Lockhart had charge of the books in August, 1908.

Mr. MORSE. And you understand it to have been right at that time?

Mr. NAY. Mr. Dresser's balance?

Mr. MORSE. Yes.

Mr. NAY. Yes.

Mr. MORSE. That clears up one situation, but I want now to have Mr. Coleman look at the book for October 31, and see whether there is any charge of $20,000 to that account on that day, or any drop on that day.

The WITNESS. No, sir; not on that day.

Mr. DEAN. Yesterday he said it was all right down to January 5.

Mr. MORSE. I know he did. This morning he has given a drop of $300 on the 21st of December, 1908, which would modify the answer which he gave yesterday that the account stood all right until the 5th of January, 1909, but with that exception his answer as given yesterday, I understand, is correct?

Mr. NAY. I can't say.

Mr. MORSE. Well, we won't discuss that.

[No cross-interrogatory numbered 3968.]

×-*Q*. 3969. So that if you are mistaken in your answer that Mr. Dresser's account was short $20,000 when you went away, either the $20,000 must have been charged to some other account or you are not correct in your statement of the amount of your takings which had been charged off? *A*. It is probably charged to some other account. It must have been.

×-*Q*. 3970. You don't remember? *A*. I don't remember.

×-*Q*. 3971. I will go on now from the 5th of January, 1909, and ask you to refer to your book and state all false entries and all takings of money? *A*. At the close of business on January 2, 1909, the balance of William A. Mitchell appears on the books as $324.84; carried forward at the close of business January 4, 1909, as $524.84, or a rise of $200.

×-*Q.* 3972. What does that mean? *A.* Restoring $200 to Mitchell.

Mr. NAY. What was that date in Mr. Mitchell's account?

The WITNESS. January 4, 1909, the rise was. At the close of business January 4, 1909, the balance to my credit appears on the books as $308.56; carried forward at the close of business January 5, 1909, $508.56, or a rise of $200.

×-*Q.* 3973. What does that mean? *A.* It means another taking.

×-*Q.* 3974. That you took $200? *A.* I credited my account with it. It is the same thing. On page 4, January 7, 1909, the footing of the total check column appears on the book as $1,372.34; the correct footing is $372.34, a rise of $1,000.

×-*Q.* 3975. What does that mean? *A.* Another taking.

×-*Q.* 3976. That is the footing of what column? *A.* The total check column. *A.* At the close of business January 18, 1909, the balance to the credit of my account was $170.16; January 19, checks charged in to the amount of $5; carried forward at the close of business on the 19th, $265.16, a rise of $100.

×-*Q.* 3977. Taken by you? *A.* Yes, sir. On page 3, January 22, 1909, the footing of the total check column appears on the book as $946.20. The correct total should be $51.88, a difference of $894.32.

×-*Q.* 3978. What does that mean? *A.* Another taking of $894.32.

×-*Q.* 3979. That is in which column? *A.* That is the footing of the total check column.

×-*Q.* 3980. Were you keeping any book or memorandum at that time of these various changes that you were making? *A.* I don't remember. I presume I did keep some memorandum at about this time.

×-*Q.* 3981. Did you keep it in a book or on separate pieces of paper? *A.* Why, I had them all in a book. I don't remember this special one, but I know I had a great many in a book.

×-*Q.* 3982. What sort of a book? *A.* A sort of a diary.

×-*Q.* 3983. When did you begin to keep it? *A.* Some time during 1909.

×-*Q.* 3984. When did you destroy it? *A.* I destroyed it some time around February, 1910.

×-*Q.* 3985. You did destroy it, did you? *A.* I did.

×-*Q.* 3986. Where and how? *A.* I tore it up and threw it off the back of the train between Cleveland and Chicago.

×-*Q.* 3987. How do you happen to remember those particular cities as being the places between which you destroyed it? *A.* I remember I bought a Chicago newspaper, and read in the newspaper that the National City Bank of Cambridge had closed its doors, with a shortage of $144,000, and that they were looking for the bookkeeper, G. W. Coleman, and so I thought it was time to destroy those things.

×-*Q.* 3988. Well, we will go back now. What is the next false entry you made, or taking? *A.* On the close of business January 23, 1909, the balance to the credit of the Standard Diary Company appears on the books as $18,437.78; on January 25, deposits credited to their account to the amount of $1,816.73; balance carried forward as $19,254.51. The correct balance should be $20,254.51, a drop of $1,000.

×-*Q.* 3989. Was that a fresh taking? *A.* I can't state for sure just now; I shall have to look it up.

×-*Q.* 3990. You can't say that it was, then? *A.* Not just at present; no, sir.

×-*Q.* 3991. Go on to the next one. *A.* At the close of business January 25, 1909, the balance appearing to my credit was $7.56; on January 6, 1909, checks charged to my account to the amount of $21; balance carried forward, $86.56, a difference of $100.

×-*Q.* 3992. Is that a fresh taking by you? *A.* Yes, sir. On January 26, 1909, page 4, the total of the deposits column appears on the books as $134; the correct total should be $427, a difference of $293.

×-*Q.* 3993. That was a drop of the deposit column? *A.* A drop of the deposit column.

×-*Q.* 3994. Did that mean a fresh taking, or did it cover up some previous taking? *A.* A fresh taking.

×-*Q.* 3995. The next? *A.* On January 26, page 7, the total

of the deposit column appears on the book as $523.21; the correct total should be $748.21, a difference of $225.

×-*Q.* 3996. What does that mean? *A.* Another taking. On January 27, page 12, the total of the total check column appears on the books as $2,481.48; the correct footing should be $581.48, a difference of $1,900.

×-*Q.* 3997. What does that mean? *A.* A new taking of $1,900.

The MASTER. That was a drop?

The WITNESS. That was a rise in the checks.

×-*Q.* 3998. The next? *A.* At the close of business February 17, 1909, the balance of the Cambridge Ice Company appears on the books as $199.53; at the close of business February 18, 1909, carried forward as $899.53, a rise of $700.

×-*Q.* 3999. In their balance? *A.* Yes, sir.

×-*Q.* 4000. That means a restoration to them? *A.* A restoration to them.

×-*Q.* 4001. $700? *A.* $700. On page 4, March 4, the total of the total check column appears on the book as $1,149.86; the correct footing is $149.86, or a rise of $1,000.

×-*Q.* 4002. Did you take that money? *A.* Yes, sir.

×-*Q.* 4003. It was a fresh taking? *A.* Yes, sir. On March 6th, page 4, the total of the total check column appears on the books as $6,749.23; the correct footing is $5,749.23, a difference of $1,000; another taking. On page 4, March 9, the footing of the total check column appears on the books as $1,378.97; the correct footing should be $378.97, or a difference of $1,000; another taking. On page 4, March 16, the footing of the total check column appears on the books as $1,885.29; the correct footing should be $385.29, a difference of $1,500; another taking.

×-*Q.* 4004. How much do you say? *A.* $1,500. On March 18, page 4, 1909, the footing of the total check column appears on the book as $1,759.93; the correct footing should be $759.93, a difference of $1,000; another taking. On March 19, page 4, 1909, the footing of the total check column appears on the book as $1,613.-97; the correct footing should be $313.97, a difference of $1,300.

The MASTER. A rise or a drop?

The WITNESS. A rise. The correct figure should be $313.97.

×-*Q*. 4005. Well, that meant a taking? *A*. Yes, sir. On March 22, page 4, the total of the total check column appears on the book as $1,179.35; the correct footing is $279.35, a difference of $900; another taking. On March 22, 1909, page 6, the footing of the total check column appears on the books as $1,294.78 —

The MASTER. Aren't you getting those dates mixed? You gave us one of March 22.

The WITNESS. On page 4, and this is March 22, on page 6; the same day, on a different page.

The MASTER. Yes.

The WITNESS. The correct footing should be $294.78, or a difference of $1,000. That is another taking.

×-*Q*. 4006. I have not interrupted your testimony because I assumed that we understood from the beginning that wherever you took money you took it by a check which you drew on the City Bank? *A*. Yes, sir.

×-*Q*. 4007. Well, go on, now. *A*. There are Reinhardt's checks in different places in connection with it.

×-*Q*. 4008. But every one of these takings was represented by a check drawn by you on the City Bank? *A*. Yes, sir.

×-*Q*. 4009. You never took it out of the cash? *A*. No, sir, except that —

×-*Q*. 4010. Well, that $2,000 which you returned the next day I have omitted from all these questions. *A*. Yes, sir.

×-*Q*. 4011. Every other taking that was made by you was made under or by a check drawn by you on the City Bank? *A*. Yes, sir.

×-*Q*. 4012. And a check which was figured in to the amount for which Mr. Earl as cashier drew his check? *A*. Yes, sir.

×-*Q*. 4013. So that — *A*. Or I might have drawn my check and cashed it at the teller's window, and raised my balance in that way. I guess there were instances where I cashed checks at the bank and —

×-*Q*. 4014. Well, was that done to any considerable amount? *A*. I couldn't say how much.

×-*Q.* 4015. Most of your stealings were effected by means of checks — *A.* They were.

×-*Q.* 4016. — on the bank, which came round through the clearing house, and were then included in the statement which you made to Mr. Earl, upon which he drew his check? *A.* The statement that Mr. Earl had on his desk; no statement I made to him.

×-*Q.* 4017. What? *A.* No statement I made to him; the statement he had on his desk.

×-*Q.* 4018. Well, he got it from you, didn't he? *A.* I never made any statement to Mr. Earl as to the clearing house. He got them right on his desk, and made them up himself.

×-*Q.* 4019. I mean as to the amount? *A.* Yes, sir.

×-*Q.* 4020. But the details, of course, he didn't have before him? *A.* No, sir.

×-*Q.* 4021. Those were what you suppressed? *A.* Yes, sir.

The MASTER. Some of the money was taken by giving Hayden a false credit, on which he drew?

The WITNESS. Yes, sir.

The MASTER. That was not your own check, but Hayden's check.

The WITNESS. Raised my own balance; I did it that way.

×-*Q.* 4022. If you drew a check and presented it to the teller, and he gave you the cash, that was one set of transactions? *A.* Yes, sir.

×-*Q.* 4023. Did that occur often, or not? *A.* Well, quite often; I couldn't say just how often.

×-*Q.* 4024. How large amounts? *A.* I don't remember of cashing in over three or four or five hundred.

×-*Q.* 4025. And you have no way of telling how many of those there were? *A.* No, sir.

×-*Q.* 4026. Most of the checks which you drew came round in the way that has been referred to? *A.* Yes, sir.

×-*Q.* 4027. Was any money obtained by you illegally from the bank, except in one of those two ways, — either through checks which were cashed by the teller, to the extent that you have stated, — *A.* No, sir.

×-*Q.* 4028. — or checks which came round through the clearing house? *A.* Not so far as money transactions went, but of course I covered them up in different ways.

×-*Q.* 4029. That I am not asking about; but the actual illegal takings of money from the bank were accomplished through checks drawn by you? *A.* Yes, sir.

×-*Q.* 4030. And those checks in general came round through the clearing house, and, as you have said, Mr. Earl had before him a statement of the amount? *A.* Well, he had the whole business; he had the detail and everything else, but not the checks.

×-*Q.* 4031. Not the checks? *A.* Not the checks; he didn't have the checks; he had the checks in detail, but not the checks.

×-*Q.* 4032. And the success of your scheme was accomplished by his drawing his check? *A.* In most instances; yes, sir.

×-*Q.* 4033. Well, now, go on and state, after the 22d of March, what next in the way of false entries or fresh takings appears. *A.* On page 4, March 23, 1909, the total of the total check column appears on the books as $418.07; the correct footing is $118.07, a rise of $300.

×-*Q.* 4034. Was that a fresh taking? *A.* I should say so; yes, sir.

×-*Q.* 4035. None of these takings that you have been testifying to were charged to individual accounts? *A.* No, sir; none of them. On March 22, the footing of the total balance column, or the footing of the balance column, appears on the book as $48,084.91; less checks on March 23 to the amount of $418.07; plus deposits to the amount of $210.17; carried forward as $55,867.01, or a difference of $7,990.

×-*Q.* 4036. That is in the general balance column? *A.* That is in the general balance column.

×-*Q.* 4037. What does that represent? *A.* That is covering up some of those items on page 4.

×-*Q.* 4038. Not a fresh taking? *A.* Not a fresh taking.

×-*Q.* 4039. Next? *A.* At the close of business March 22, 1909 —

×-*Q.* 4040. Are you going back? Haven't you given us the 23d? *A.* I have given items on the 22d and on the 23d.

×-*Q.* 4041. All right. *A.* On March 22, 1909, the balance to the credit of Mary L. Parker appears on the books as $1,218.61; carried forward at the close of business March 23d as $218.61, a drop of $1,000.

×-*Q.* 4042. Do you mean a charge to her account? *A.* A covering-up entry.

×-*Q.* 4043. Not a new taking? *A.* No, sir.

×-*Q.* 4044. But you dropped that balance in her account? *A.* Yes, sir. At the close of business March 22, 1909, the balance appears to the credit of B. F. Sparrow Estate as $968.25; carried forward at the close of business March 23 as $68.25, a drop of $900. That is a covering up. At the close of business March 22, 1909, the balance appearing to the credit of V. R. Stilwell appears on the books as $1,479.92; deposits credited to the amount of $320; March 23, carried forward as $799.92, or a drop of $1,000. That is a covering up. That is all I have in this book.

×-*Q.* 4045. On what date does that book end? *A.* It ends March 30, 1909.

×-*Q.* 4046. And those are all the entries which you find on that book which show either takings of money or false entries? *A.* All that I have found.

×-*Q.* 4047. Very well. Then take the next one. Give the number of the exhibit, the next book. *A.* Exhibit 62.

×-*Q.* 4048. And that is from what date to what date? *A.* March 31 to October 19.

×-*Q.* 4049. Begin with that book, now— *A.* It says October 15 on the cover of the book, but it is October 19.

×-*Q.* 4050. Begin with that book, and give us all the false entries or records of your illegal takings. *A.* On May 20 there is a check charged to the account of the Standard Action Company for $4,000, one of J. Thomas Reinhardt's checks.

×-*Q.* 4051. What is the name of the concern? *A.* Standard Action Company.

×-*Q.* 4052. What does that entry mean? *A.* I suppose it is a taking of $4,000.

×-*Q.* 4053. Charged to their account? *A.* Yes, sir.

×-*Q.* 4054. How do you know that that is not to cover up a previous taking? *A.* Because I have a check of J. Thomas Reinhardt's that day for $4,000.

×-*Q.* 4055. Then there is nothing on this book to indicate one way or the other? *A.* No, sir.

×-*Q.* 4056. Then what do you mean by that? *A.* I have among the exhibits a check of $4,000, I believe.

Mr. NAY. Which exhibit?

The WITNESS. That is one of those later Reinhardt checks that you got over in New York.

Mr. NAY. One of those not in the first bunch?

The WITNESS. One of the later ones, I believe.

Mr. NAY. Here are two or three more [*passing papers to the witness.*]

[*Exhibit 106 is produced and examined by the witness.*]

The WITNESS. A $4,000 check, paid them on May 19, came in May 20.

×-*Q.* 4057. You have no recollection of it, have you? *A.* Of what?

×-*Q.* 4058. Of the transaction. *A.* Only as that refreshes my recollection, that is all.

×-*Q.* 4059. How does it refresh your memory? *A.* Well, I take the Standard Action account, and find that it has been raised $4,000; later on restored. I find that that check does not belong to them; and I find that I had paid a check for $4,000 to Reinhardt the day before; and it makes it pretty conclusive to me that that is the check.

×-*Q.* 4060. That is why you think it was a fresh taking? *A.* I do.

×-*Q.* 4061. Well, go on. *A.* On page 4, July 19, 1909, the total of the total check column appears on the books as $3,421.45. The correct footing is $421.45, or a rise of $3,000.

×-*Q.* 4062. That is which column? *A.* The total check column.

Mr. MORSE. Will you give me the date that the bank examiner came that year?

Mr. NAY. June 15.

×-*Q.* 4063. Is that the total of the balance column? *A.* No, the total of the check column.

×-*Q.* 4064. What do you say the amount of that was? *A.* $3,000.

×-*Q.* 4065. Is that a fresh taking? *A.* Yes, sir.

×-*Q.* 4066. Assuming that that date is correctly stated as June 15, 1909, there was an examination by the bank examiner, then, after this $4,000 was charged to the Standard Action Company? *A.* Yes, sir.

×-*Q.* 4067. Had all the stealings then been charged off to accounts of individual depositors? *A.* Yes, sir.

×-*Q.* 4068. And that was done preparatory to that examination, was it? *A.* Yes, sir.

×-*Q.* 4069. You began as far back as March to make that preparation? *A.* Yes, sir.

×-*Q.* 4070. So that the bank examiner at that time, unless he had gone back to some date before these various accounts were charged off, wouldn't have found any error in your books, would he? *A.* No, sir.

×-*Q.* 4071. Every footing would have been correct,—I mean from the time that you made these entries charging off these amounts to individual deposits? *A.* After—yes—after I had charged them off.

×-*Q.* 4072. If he had figured everything on your books, going back from the 15th of June, a period of two months practically, he would have found all the figures right? *A.* Why, I couldn't say as to that; I shouldn't think it would be as far back.

×-*Q.* 4073. Why, it follows, doesn't it, from what you have said? From the 22d to the 25th of March you intended to, and you did in fact, charge off to individual accounts the whole amount of your stealings which had not previously been charged off *A.* I should say so; yes, sir.

×-*Q.* 4074. And that condition continued down to the time—

well, including this $4,000 which you charged off to the Standard Action Company on the 20th of May — that condition continued down to the 15th of June, did it not? *A.* Yes, sir.

×-*Q.* 4075. The feature that was false on your books at that time was the illegal charging off to these different depositors' accounts? *A.* Yes, sir.

×-*Q.* 4076. And that was the only thing at that time that was false? *A.* As far as I have found.

×-*Q.* 4077. Then, to go back once more to the question, if the bank examiner had taken your books and gone over the footings, and every item, from the day that he was there back for a period of almost two months, he would have found no error in the books, would he? *A.* I don't think so.

×-*Q.* 4078. And as to the correctness of the depositors' accounts he couldn't judge without having the pass books? *A.* No, sir.

×-*Q.* 4079. Well, now, we go on to the 19th of July, $3,000. That was a fresh taking, was it? *A.* Yes, sir.

×-*Q.* 4080. And that was not at the time charged to any individual account? *A.* Not at that time; no, sir.

×-*Q.* 4081. Very well. Go on from that date, and give us every additional false entry and fresh taking. *A.* I shall have to have that bunch of exhibits now.

×-*Q.* 4082. Can't you tell from your books? *A.* Why, I can, but it will take a great deal of time.

×-*Q.* 4083. That is just what I want you to do. *A.* I have been over them once and got them all out.

×-*Q.* 4084. Where is your memorandum? *A.* I think I testified to those from the exhibits.

×-*Q.* 4085. Did you make a memorandum? *A.* Not of those that they had exhibits of; no, sir.

×-*Q.* 4086. Can't you look along in your book and tell from inspection? *A.* Yes, sir.

×-*Q.* 4087. I wish you would.

Mr. NAY. Is that profitable, your Honor? The witness has said that with the exhibits he can do it very quickly, otherwise it will take him a long while.

Mr. MORSE. Of course he can, and so can an expert, very likely, do it very quickly. The point is that we are charged with neglect in not knowing what these books showed from time to time. We did not have the benefit of all these exhibits at that time, and nobody in the bank had the benefit of them.

Mr. NAY. It is not necessary for me to answer that just yet, though I don't quite agree with it; but the point is that we will concede, if it is a question of the time that the witness would take to hunt that up, that it would take a long time, even now, for Mr. Coleman to pick them out. Now, that being so, is it necessary for that to be demonstrated before the court,— just how much time it would take on each one?

Mr. MORSE. How much time do you concede that it would take?

Mr. NAY. I don't know. It would take a good deal without the exhibits.

Mr. MORSE. A matter of days, or weeks, or months?

Mr. NAY. A matter of hours, anyway, and I don't know but it would run into a day or more to do it. I shouldn't be at all surprised.

The MASTER. That is, on this book?

Mr. NAY. Yes.

Mr. MORSE. That is, you couldn't, without consuming several hours, take your own book and give the additional false entries that were made between the 19th of July and the time when the bank failed?

The WITNESS. Not without taking some time.

Mr. NAY. Not without the aid of memoranda or exhibits.

Mr. MORSE. I don't propose to let him have the aid of any other papers than his own records. I won't say now as to how far I will go with this, but I would like to have him make the attempt, and we will see how we get along. I wish you would find the next entry that you can find on your book without the aid of these other papers or memoranda.

Mr. NAY. Of course there is this additional point, that these have all been testified to already.

Mr. MORSE. That is no objection to the cross-examination.

Mr. NAY. No.

The MASTER. The question here being whether these defendants are to be held liable for what they did not discover, and, if so, to what amount, and this being cross-examination, I think that Mr. Morse has the right to take the time if he wishes to.

Mr. NAY. As time is the essence of this examination, let us call attention to the fact that it is eleven and one-half minutes past twelve.

Mr. MORSE. By your watch?

Mr. NAY. By mine, which is correct, Mr. Morse.

Mr. PILLSBURY. That is the first time that I have known you to be absolutely correct since the hearing began. You happen to be in this case.

Mr. NAY. Now, don't spoil that by asking leave tomorrow to strike it out, Mr. Pillsbury.

The WITNESS. On page 4 —

Mr. MORSE. One moment. What is the time by your chronometer, brother Nay?

Mr. NAY. It is fifteen and one-half minutes past, making four minutes.

The WITNESS. On page 4, July 30, 1909, the total of the total check column appears on the books as $7,554.90. The correct footing should be $5,054.90, or a difference of $2,500.

×-*Q.* 4088. What does that mean? *A.* Another taking.

×-*Q.* 4089. Let me ask — and I won't count this against you on time — whether you had a vacation that summer? *A.* I don't think I did.

×-*Q.* 4090. What? *A.* I don't think so. I know I didn't.

×-*Q.* 4091. Are there any entries in that book in any other handwriting than yours? *A.* There are.

×-*Q.* 4092. What entries are they? *A.* Entries on August 3d, or August 2d and August 3d, in Lockhart's handwriting, I should say.

×-*Q.* 4093. Well, there are no entries up to that date? *A.* No, sir.

×-*Q.* 4094. Very well. Then you go on until we get to that

date and then pause a moment. After July 30, what is the next false entry or evidence of taking? *A.* [*After examining the book from 12.15 to 12.20*] I don't find any more before August 3d.

×-*Q.* 4095. Not until August 3d. Then let me go back. You do find something on August 3, do you? *A.* No.

×-*Q.* 4096. I want to go back now a moment and ask you whether Lockhart didn't write on the books on the 30th of April, 1909, or thereabouts? *A.* No, sir.

×-*Q.* 4097. Look over from that time down to the 15th of May, inclusive. *A.* Yes, there are a few here in Lockhart's handwriting.

×-*Q.* 4098. On what day? *A.* On April 30.

×-*Q.* 4099. I wish you would state what they are,—I mean what the nature of the entries is, or in what columns they appear. *A.* I find a few on page 3 in the deposit column. That is Lockhart's, April 30 [*pointing*]; that is Lockhart's; and that is Lockhart's.

×-*Q.* 4100. Cogswell's deposits? *A.* $3.18, an interest item.

×-*Q.* 4101. Well, it is the Cogswell account? *A.* Yes, sir.

×-*Q.* 4102. And the other one was the Claverly Hall and the City of Cambridge? *A.* Yes. And Fred W. Chipman; and Hiram L. Chase; Grace Chamberlain; George B. Caswell; estate of George P. Carter, George E. Carter, trustee; E. A. Carney; Andrew Carlson; J. L. Campbell.

×-*Q.* 4103. Are these all interest items? *A.* Yes, sir.

×-*Q.* 4104. How happened he to make those entries? *A.* I don't know. I was probably doing something else and he put them on the book—I asked him to.

×-*Q.* 4105. Do you mean you were busy about something else? *A.* Yes, sir.

×-*Q.* 4106. So that he had access to the book at that time? *A.* He evidently did on that day; yes, sir.

×-*Q.* 4107. Well, go on from that time. *A.* The same with all that day—the interest items.

×-*Q.* 4108. The same with all the interest items on that day? *A.* Yes, sir.

×-*Q.* 4109. Did he make any other entries on it?

Mr. NAY. Do you mean besides interest items?

Mr. MORSE. Yes.

*A.* Not that I can see.

×-*Q.* 4110. There don't seem to be any footings on these pages. *A.* Yes, sir.

×-*Q.* 4111. They are very faint, aren't they, even to you? *A.* Well, I will admit that some of them are very faint.

×-*Q.* 4112. It is almost impossible to see most of them, isn't it? *A.* It was not at that time. They have been handled a great deal, and it doesn't take long to wear pencil out.

Mr. MORSE. I would like to have the master step down here and look at these.

The MASTER. They are pretty faint footings, all of them.

The WITNESS. I can stand here and read them.

Mr. MORSE. You probably know what they are now.

The MASTER. What is that one [*pointing on the book*]?

The WITNESS. $1,088.68.

Mr. MORSE. Turn over to one of these other pages and see how they look. Standing off a foot or two you would hardly see that there is anything there.

The MASTER. I can see them here, but not very clearly.

×-*Q.* 4113. You made those intentionally faint, didn't you? *A.* I did not, sir.

×-*Q.* 4114. Go on now from the 30th of April down to and including the 15th of May, and see whether you find other instances of Lockhart's writing on the book. *A.* On May 19th I find Lockhart's handwriting — I should say it is Lockhart's — but I don't know certainly that it was.

×-*Q.* 4115. What class of entries? *A.* Carrying forward the footings from May 18 to May 19, checks and deposits carried forward, the footings at the close of May 19, entered checks (deposits) May 20, and carried forward the balances to the 20th and entered the clearing house on May 21st.

×-*Q.* 4116. Were you away at the time? *A.* I don't remember whether I was away or not at that time. I don't remember going away at that time.

×-*Q.* 4117. Those are substantially all the entries on those dates, aren't they? *A.* They are.

×-*Q.* 4118. He wouldn't have been likely to make them if you were there, would he? *A.* I might have been there, and Mr. Paul may not have been feeling very well at that time and may not have come in, and if he didn't come in I may have taken Mr. Paul's place and Mr. Lockhart may have taken mine.

×-*Q.* 4119. Are those entries correct? *A.* So far as I know.

×-*Q.* 4120. And the footings are correct? *A.* So far as I know.

×-*Q.* 4121. If there were errors in the book prior to that date, why wouldn't Lockhart detect them, if he was making these footings? *A.* He had no occasion to go back on the books.

×-*Q.* 4122. How far back would he have to go? *A.* On any particular occasion?

×-*Q.* 4123. I mean on these days when he was making substantially all the entries on the books, there was nothing in what he took, in what he there found, which indicated any error in the books, was there? *A.* Nothing that I know of.

×-*Q.* 4124. And how far back would he have had to go to find an error in the books or in the accounts? *A.* I couldn't say; probably it may have been a week or it may have been two months.

×-*Q.* 4125. He would have had the same difficulty that the bank examiner would have as to the individual accounts,—he couldn't prove the correctness of those without having a pass book, could he? *A.* Not unless the account showed a rise or a drop; no, sir.

×-*Q.* 4126. And, so far as the general footings were concerned, he would have had to go back to some date when you had made a false entry, a false footing? *A.* Yes, sir.

×-*Q.* 4127. And in point of fact he didn't, so far as you know? *A.* So far as I know.

×-*Q.* 4128. And on that day, or on those days, when he made those entries, he assumed the books were accurate and correct, did he? *A.* Yes, sir.

×-*Q.* 4129. And he didn't at that time call your attention to anything that was wrong about the books? *A.* Not to my knowledge.

×-*Q.* 4130. Or say that he had noticed any erasure, or any false

footing, or anything of that sort? *A.* I don't recollect of his telling me anything.

×-*Q.* 4131. And you had such confidence in the success of your methods that you were willing to allow Lockhart to write for a day or two on your books at that time without any special preparation for it, were you? *A.* He wouldn't be so likely to find it, writing on the books, as he would if he were looking over them, if he didn't have anything else to do with them.

×-*Q.* 4132. You felt perfectly secure in the methods that you adopted for concealing these frauds, did you not? *A.* No, I can't say that I ever felt perfectly secure. I simply took a chance on their finding it.

×-*Q.* 4133. But you took the risk of having a competent bookkeeper work on these books? *A.* Yes, sir.

×-*Q.* 4134. With the chance that he might turn over a page and find a false entry by you, without making any preparations for it? *A.* Yes, sir.

×-*Q.* 4135. So that you felt great confidence in what you had done? *A.* I don't know that I felt great confidence.

×-*Q.* 4136. You felt a great deal of confidence, didn't you? *A.* Not a great deal of confidence. They could find it most any time, going over the books, in some place.

×-*Q.* 4137. You didn't make your false entries with the idea that any casual looking at the books would detect a fraud? *A.* Why, a casual look at the book wouldn't detect a fraud.

×-*Q.* 4138. And you knew that it couldn't be ascertained without a very minute and careful investigation? *A.* Oh, yes.

×-*Q.* 4139. You say "Oh, yes", meaning by that that you did know or did not know that? *A.* That it could be.

Mr. Nay. That it could be what?

The Witness. Ascertained.

×-*Q.* 4140. It could be ascertained. We all understand that. But the methods that you adopted, and the shifting of your methods from time to time, were designed by you in order to prevent an ordinary inspection of the books disclosing the fraud, weren't they? *A.* No, I don't think so, for the ordinary; for the

extraordinary, yes. If I came along to a book, or any man that had any kind of an education, even a primary school education, or anybody who knew anything about figures at all, or knew anything at all about books, if he saw four or five items in one column, covering not more than ten lines, which alone would make a total of over $10,000, and if he could see that the footing of the page was made as $5,200 and something, say, he would commence to look around — I know I should.

×-*Q.* 4141. You were making your footings intentionally faint, so that they should not be detected, weren't you? *A.* No, sir; I was not. These entries have been worked over and smooched around. When I left these books those footings were more easily read than they are now, there is no doubt about that. You can't handle pencil footings without having them smooched up.

×-*Q.* 4142. Do you or not say that the methods adopted by you were for the purpose of concealing your frauds from such inspection as would ordinarily come in a bank? *A.* Of course I meant them to conceal the frauds.

×-*Q.* 4143. Well, we will go on now from this date of August 3. You say you don't find anything on that date? *A.* No, sir, not up to August 3.

×-*Q.* 4144. Well, go on from that date, and state the first false entry you find. Have you given all the dates? *A.* All I have found so far is down to May 22d. If you wish me to look for any more I will do so.

[No cross-interrogatory numbered 4145.]

×-*Q.* 4146. August 2–3 were the interest items. Were they made by Lockhart? *A.* No; those were April 30.

×-*Q.* 4147. What were the items on August 2–3? *A.* I don't think I have given those.

×-*Q.* 4148. What do you find about those? *A.* Are there any before that?

Mr. Dean. Did he find any April ones, Mr. Morse?

The Witness. I found April 30 and May 18, 19, 20 and 21.

Mr. Morse. It is possible that I interrupted you, and that you might find something between April 30 and May 22.

The MASTER. Not April 30; July 30.

The WITNESS. That is my mistake, then.

Mr. MORSE. He is talking about another matter, the day that Lockhart wrote on the books, — April 30.

The MASTER. He wrote on the books August 29.

Mr. MORSE. Yes, he had given that, and then he went back. And what were those dates in April that he gave, Mr. Dean?

Mr. DEAN. April 30 and May 18, 19, 20 and 21.

The WITNESS. Part on those dates. The first and last days he did only part of them.

×-*Q.* 4149. Now, the only question is, is there anything between that date in May and the 2d of August? *A.* Yes, sir. I find on June 24 he entered the checks and deposits, but did not carry forward the balances. On June 26 he entered checks and deposits and did not carry forward the balances.

×-*Q.* 4150. Did he enter them correctly? *A.* I presume so.

×-*Q.* 4151. These pencil footings were all made by you, were they? *A.* No, sir.

×-*Q.* 4152. Didn't he make them? *A.* He made the pencil footings in the total check column on those two days.

×-*Q.* 4153. He did? *A.* Yes, sir.

×-*Q.* 4154. Are those correctly footed? *A.* I believe so.

×-*Q.* 4155. Well, go on from that time, then, and see whether you find any more dates. *A.* That is all until August 2.

×-*Q.* 4156. Go back one moment to the 20th of May, and show me that entry charging up to the Standard Action Company. [*The witness points to the entry.*] Whose handwriting is that? *A.* Mr. Lockhart's.

×-*Q.* 4157. Well, that, you say, was a false entry? *A.* I do.

×-*Q.* 4158. How came it to be made by Lockhart? *A.* Well, in that instance, which I remember very plainly, Mr. Paul was sick. The clearing house envelope came in, and I went over and checked it off, gave Mr. Lockhart the checks minus that $4,000 check, and Mr. Lockhart entered the clearing on the book; and you see that is a black ink check.

×-*Q.* 4159. But why would he charge it to the Standard Action?

*A.* Just a minute. I will get to that. Later on in the day, just before it was time to close up, I came over and told Lockhart that there was a check of the Standard Action Company that wanted to be charged, and the $4,000 entered on the book.

×-*Q.* 4160. Had it previously been charged on the book to anybody? *A.* No, sir; and he charged it in in black ink.

×-*Q.* 4161. And that you remember distinctly, do you? *A.* Very distinctly, I remember that one.

×-*Q.* 4162. And that is the only instance in which Lockhart made a false entry on the books? *A.* He didn't make a false entry.

×-*Q.* 4163. Well, I mean the only instance in which he made an entry which was in fact false? *A.* I don't remember any other.

×-*Q.* 4164. I understand you to say that Lockhart was perfectly honest about it? *A.* Yes, sir.

×-*Q.* 4165. You told him to enter it? *A.* Yes, sir.

×-*Q.* 4166. And that is the only time that he ever made an entry that was false? *A.* Well, I shouldn't say that, but I don't recall any other.

×-*Q.* 4167. And if there are any other entries which are false, they are due to some explicit directions from you, are they? *A.* Yes, sir.

×-*Q.* 4168. Lockhart, to your knowledge, made no other false entry? *A.* I never left the bank when I knew that any checks of mine were coming in.

×-*Q.* 4169. That hardly answers the question. But Lockhart, so far as you knew, never made a false entry? *A.* Not intentionally; no, sir.

×-*Q.* 4170. Now we have got down to August 3d. *A.* No; August 10.

×-*Q.* 4171. I wish, as you now proceed, if you find any instances of Lockhart's handwriting, you would mention them as you go over the books, so that we shall not have to go back and ask about that.

[*The witness proceeds to turn over the pages of the book.*]

Mr. DEAN. How far have you gone now, Mr. Coleman?

The WITNESS. I am on August 4, 5, 6, 7, 9 and 10. Lockhart

was working on the books all those dates,— August 4, 5, 6, 7, 9 and 10.

×-*Q.* 4172. You don't mean that he made all those entries on those dates? *A.* Every entry.

×-*Q.* 4173. Every entry? *A.* So far as I can see.

×-*Q.* 4174. Beginning with what date? *A.* August 4.

×-*Q.* 4175. And running through all the dates you have given? *A.* August 4, 5, 6, 7, 9 and 10, 1909.

×-*Q.* 4176. Are there any footings on those pages? *A.* Yes, sir.

×-*Q.* 4177. Can you read them? *A.* Yes.

Mr. MORSE. I can't read one of them.

The WITNESS. This one here is $6,614.71.

Mr. MORSE. I would like to have the master look at these.

Mr. NAY. I would like to have the master note that Mr. Coleman read that with his face nearly two feet away from the footing.

Mr. MORSE. I would like to have you look at it with your face two feet away from it and see how much of it you can read.

[*The footings are examined by the master.*]

×-*Q.* 4178. Aren't they made intentionally faint? *A.* I don't know about that; you will have to ask Mr. Lockhart that question.

×-*Q.* 4179. Are all these footings on the previous pages his? *A.* They are all his in that whole week on those dates, 4, 5, 6, 7, 9 and 10.

×-*Q.* 4180. Has there been an erasure there? What is that spot? *A.* That is a finger print.

×-*Q.* 4181. Do you recognize the finger? *A.* I might if I had a magnifying glass.

×-*Q.* 4182. Well, are all these accounts correct, so far as you know? *A.* So far as I know; yes, sir.

×-*Q.* 4183. He was carrying forward the false balances that you had made, was he? *A.* Yes, sir.

×-*Q.* 4184. And he didn't know that they were false balances? *A.* No, sir.

×-*Q.* 4185. I assume that during this period there was no false entry and there was no illegal taking of money by you? *A.* Not that I know of.

×-*Q.* 4186. What is your explanation of the fact that all these entries for those dates were made by Lockhart? *A.* Why, I don't remember. I don't think Mr. Paul — Mr. Paul may have been sick at that time, and Mr. Earl was away at one time, but I don't think it was in 1909, though; but I certainly had no vacation in 1909.

×-*Q.* 4187. You don't remember whether you were doing the work of Mr. Paul at that time? *A.* I don't recall that at all. I know I was not away. I know that for a fact. Whether I was in the bank there and somebody was sick, I don't know.

×-*Q.* 4188. Was Lockhart paid by the bank for this work? *A.* I think you would find on the cash book whether he was or not. I couldn't say. He must have been, or he wouldn't have done it.

Mr. NAY. Here is the cash book. Look on Saturday around that time.

The WITNESS. On August 2, "Paul", "Galbraith", "Polish signs" — that is all I see. He was not paid on the 7th, anyway.

×-*Q.* 4189. Turn over. *A.* Lockhart was paid $52 on August 14 by Mr. Earl for different days he had been in there.

×-*Q.* 4190. That shows that he was employed by the bank? *A.* Yes, sir.

×-*Q.* 4191. It doesn't show, however, what you were doing at that time? *A.* It doesn't show what I was doing; no, sir.

×-*Q.* 4192. Could a competent bookkeeper keep this book for that period, making all the entries, carrying forward all the balances, without detecting that there was some fraud in the account? *A.* Why, of course that all depends on circumstances that might come up.

×-*Q.* 4193. Well, do you mean that under some circumstances he could do it without detecting a fraud? *A.* Yes, sir.

×-*Q.* 4194. Now go on from that date, August 10, and state what you find there as to Lockhart's writing in the book, or as to false entries, or takings of money. *A.* Lockhart's writing appears August 11, 12 and 13.

×-*Q.* 4195. All the entries? *A.* Why, I find a few figures that are not his.

×-*Q.* 4196. Whose are they? *A.* That one there [*pointing*].

×-*Q.* 4197. What? *A.* That one there is not Mr. Lockhart's.

×-*Q.* 4198. Well, whose handwriting is it? *A.* I should say that was mine.

×-*Q.* 4199. That is a correction, simply, in the cent column, isn't it? *A.* Yes. I find one over here in the dollar column, $178, where the computation was wrong — clerical errors.

×-*Q.* 4200. That is a clerical error that you corrected? *A.* Yes, sir.

×-*Q.* 4201. There are two clerical errors that you corrected? *A.* Two clerical errors.

×-*Q.* 4202. Very well. What else? *A.* There is a correction there of $20.

×-*Q.* 4203. An error of $20 in the Cambridge Chronicle Company account? *A.* Yes, sir. $10 in Clara M. Bowker's account is a clerical error; $100 in the J. M. Campbell account is a clerical error, I should say; and fifteen cents on the Cambridge Sentinel Company, that is a clerical error; $1 on E. A. Duvernois, a clerical error.

The Master. When you say a "clerical error" of so much, what do you mean?

The Witness. A mistake that Lockhart had made.

×-*Q.* 4204. You went over the book after Lockhart had made these entries and corrected the entries that Lockhart had made,— isn't that the fact? *A.* Yes, sir, that is the fact. All these footings are not made in Lockhart's handwriting. I changed J. A. Holmes & Company's balance — I don't know how much — it was changed by me — practically the whole balance is my figures.

×-*Q.* 4205. Was that a clerical error? *A.* A clerical error.

×-*Q.* 4206. I don't care to have you name them, if you find that the only corrections you made were of clerical errors. *A.* I can't find anything else.

×-*Q.* 4207. You can't find anything else? *A.* No, sir.

×-*Q.* 4208. How far do you find this handwriting of Lockhart's? *A.* Up to August 14.

×-*Q.* 4209. Whether you were in the bank at that time or not,

at some time after he had made the entries, then, you went over his figures? *A.* Yes, sir.

×-*Q.* 4210. And where you found that he had made mistakes, which you assumed to be honest mistakes, you corrected them? *A.* Yes, sir.

×-*Q.* 4211. And they were usually of small amounts, weren't they? *A.* Yes, sir.

×-*Q.* 4212. Other than that, you found that he had kept the books correctly? *A.* Yes, sir.

×-*Q.* 4213. And he had made some of these footings, hadn't he? *A.* Yes, sir.

×-*Q.* 4214. A good many of them? *A.* He made the footings of the total checks and deposits columns. He did not make the figures in the total of the balance columns.

×-*Q.* 4215. Was that by reason of some direction of yours? *A.* I don't remember. It may have been.

×-*Q.* 4216. If he had made the footing of the total balance column would that have disclosed any error in your accounts? *A.* Why, I couldn't say. I don't think it would have at that time.

×-*Q.* 4217. It would not? *A.* I don't think so.

×-*Q.* 4218. Why not? *A.* I think that the balances had been dropped enough so as to offset the difference.

×-*Q.* 4219. So that even if Mr. Earl had footed up your total balance column, he wouldn't have discovered your false entries? *A.* I don't think so.

×-*Q.* 4220. Now, after the 14th of August, what first do you find in the way of false entry or taking of money by yourself, or handwriting of Lockhart?

×-*Q.* 4221. After the 14th of August, what is the first false entry of evidence of unlawful taking? And, as I said before the recess, if you come across any entries of Lockhart, I wish you would call attention to them. *A.* On August 23, 1909, the total of the total check column appears on the book as $7,011.05. The correct footing should be $4,011.05, a difference of $3,000, signifying another taking.

Mr. DEAN. What page is that?

The WITNESS. Page 6.

The MASTER. What was that, — a taking?

The WITNESS. Yes, sir. On August 18, page 8, the footing of the total check column appears on the book as $2,330.17. The correct addition should be $130.17, or a rise of $2,200, signifying another taking.

×-*Q.* 4222. I am assuming that in all these cases you find no private marks or signals on these accounts to direct your attention to them? *A.* No, sir, not a thing.

×-*Q.* 4223. And you get these statements which you are making by examining now and making these actual footings? *A.* By glancing over the columns that look wrong, and I add them up. I find that Lockhart's writing appears on the book on August 26, 27, 28, 30 and 31, and September 1 and September 2.

×-*Q.* 4224. Inclusive? *A.* Yes, and September 3, inclusive, and part of September 4.

×-*Q.* 4225. Do you mean by that that all the entries are in his handwriting during that period? *A.* Yes, most of them.

×-*Q.* 4226. Are there any that are not in his handwriting? *A.* Yes; I find a few of mine, a few changes, that is all.

×-*Q.* 4227. What is your explanation of the fact that he was employed during this time? *A.* I don't remember what it was at this time. He was in the bank there, apparently, right along; for what reason, I don't know. I don't remember, as I said, of having been on vacation that year; in fact, I know I didn't have any.

×-*Q.* 4228. Are the footings all his? *A.* Some of the footings are his, and some are not. The balance column figures are in my handwriting; the total check column figures are in his.

Mr. NAY. Might not that have been one of Mr. Paul's absences, when he was ill?

The WITNESS. I think very likely. He was ill a good deal of the time the latter part of it.

×-*Q.* 4229. What is your recollection, — that you were in the bank? *A.* Yes, I was in the bank.

×-*Q.* 4230. You were in the bank, but doing some other work? *A.* Yes, sir.

×-*Q.* 4231. And Lockhart practically kept the book during that period? *A.* Yes, sir.

×-*Q.* 4232. Did he keep it accurately? *A.* It seems so.

×-*Q.* 4233. So far as you have discovered, were there any errors in it? *A.* Not that I have discovered.

×-*Q.* 4234. And did he during that time call to your attention anything that he had ascertained that was wrong? *A.* Not to my knowledge.

×-*Q.* 4235. Well, go on after that date, then. *A.* I find that Lockhart kept the book on September 13, 14, 15, 16, 17, 18, 20, 21, 22, 23, 24, 25.

×-*Q.* 4236. Did he make all the entries on those days? *A.* No, sir.

×-*Q.* 4237. What entries did he make? *A.* He made the greater part of the entries of the checks, deposits, and their footings; and the footings in the balance column are mine.

The MASTER. Do I understand that he made substantially all the entries?

The WITNESS. Yes, everything except the balance footing; and the checks and deposits on September 17 are my footings.

×-*Q.* 4238. Are the balances carried forward in his handwriting or yours? *A.* In his handwriting. Here is a place here where the balances were never carried forward, that is, the total of the balance column was never carried forward.

×-*Q.* 4239. What place is that? *A.* Page 8, close of business on the 14th, 15th, 16th, 17th, 18th and 20th.

×-*Q.* 4240. Were they carried forward after that date? *A.* Never.

×-*Q.* 4241. Do you mean that during the existence of the bank they were not carried forward? *A.* During the existence of the bank.

×-*Q.* 4242. What? *A.* Never in the existence of the bank — never have been carried forward, either before or after.

Mr. BUNKER. What was never carried forward,— the balance footings?

The WITNESS. The footings of the balance columns.

×-*Q.* 4243. Well, when did they stop, did you say? *A.* On page 8 they stopped.

×-*Q.* 4244. On what date? *A.* Well, on the 20th, is the last date I have here.

×-*Q.* 4245. Who carried forward that balance? *A.* What balance?

×-*Q.* 4246. Well, who made the last footing? I want to find out when that practice stopped? *A.* Stopped with September 13.

Mr. DEAN. That is only for one week, isn't it?

The WITNESS. That is all, only for one week.

Mr. BUNKER. And one page?

The WITNESS. One page, page 8, for one week.

×-*Q.* 4247. Do I understand that from that time on until the bank closed there never were any footings of balances? *A.* Not on that page.

×-*Q.* 4248. Well, how did that affect the future balances, the fact that these were not carried forward? *A.* Well, I don't know.

×-*Q.* 4249. What was the object of not carrying them forward, or not making the footings? *A.* I couldn't say that either; I couldn't state it.

×-*Q.* 4250. Was it intentional on your part, or was it accidental? *A.* It must have been intentional, but I don't remember the circumstances connected with it.

×-*Q.* 4251. You mean that for one week the balances were not footed? *A.* On that one page.

×-*Q.* 4252. Page 8? *A.* Page 8.

×-*Q.* 4253. They were footed on the other pages? *A.* Yes, sir.

×-*Q.* 4254. Might it not have been accidental that they were not footed on that page? *A.* Well, I don't see how it could be accidental.

×-*Q.* 4255. Do you remember anything about it? *A.* I don't remember anything about it.

×-*Q.* 4256. Do you remember at that time determining for any reason not to make footings of that column? *A.* No, sir.

×-*Q.* 4257. Well, go on.

The COURT. That was during the time that Lockhart was keeping the books?

Mr. MORSE. Yes.

×-*Q.* 4258. And they were Lockhart's figures all through that column, were they not? *A.* Yes, sir.

Mr. NAY. In whose hand were the footings on the other pages on that same date?

The WITNESS. Mine.

×-*Q.* 4259. Have you finished this period now? *A.* No, sir.

×-*Q.* 4260. All right. Go ahead. *A.* On September 27, 1909—

×-*Q.* 4261. One moment, before you get to September 27. You have gone through the book now down to and including September 25, which was the end of the period during which Lockhart kept the books? *A.* I haven't finished the whole of that period.

×-*Q.* 4262. I thought you said you had gotten down to September 27. *A.* There are two pages on the next portfolio of the 27th and 28th.

×-*Q.* 4263. Kept by Lockhart? *A.* No, sir; kept by myself.

×-*Q.* 4264. Then you misunderstood me. Did Lockhart's handwriting stop on the 25th of September? *A.* It did.

×-*Q.* 4265. That is what I want to get at. Now, then, for a moment, stopping there, do you find any error— *A.* I haven't finished it yet.

×-*Q.* 4266. You haven't heard my question yet. Do you find any error in the period when Lockhart was keeping the books from September 13 to September 25? *A.* I haven't finished it.

×-*Q.* 4267. Well, go ahead and do it, then. *A.* I have found one error here on the 27th.

×-*Q.* 4268. I know it, but the 27th is beyond the date I am inquiring about, and I don't care for that yet. My question is whether you find any error in the books down to and including September 25. Have you answered that question? *A.* No, sir.

×-*Q.* 4269. What does the "No" mean, that you don't find an error? *A.* I was going to say something, and I changed my mind.

×-*Q.* 4270. I think you can answer that question. It is very

simple. You have given a period during which Lockhart made entries on the book, which ran down to and included September 25, haven't you? *A.* Yes, sir.

×-*Q.* 4271. Now I ask you whether during that period you find any error on the account? *A.* I haven't finished it yet.

×-*Q.* 4272. Well, then, please finish it. *A.* Now I have finished it.

×-*Q.* 4273. Now, what is the answer? *A.* I do not.

×-*Q.* 4274. I have forgotten whether I asked you whether you recalled the reason for Lockhart's being employed at this time. *A.* No, sir.

×-*Q.* 4275. Do you assume that you were in the bank during that period? *A.* I do.

×-*Q.* 4276. Doing some other work? *A.* Yes, sir.

×-*Q.* 4277. And you don't recall Lockhart's mentioning to you then that he had noticed any error in the books? *A.* No, sir.

×-*Q.* 4278. Now, proceed after that, from September 25, and state when next you find a false entry in the books, or evidence of an illegal taking or Lockhart's handwriting. *A.* On page 5, September 27, 1909, the footing of the total check column appears as $6,265.56. The correct footing should be $4,265.56, or a difference of $2,000. That is another taking, an additional taking.

The Master. Now, that footing was which way?

The Witness. The footing was raised from forty-two to sixty-two.

×-*Q.* 4279. That is, the checks were enumerated correctly, but the footing was $2,000 too much? *A.* $2,000 too much.

×-*Q.* 4280. And these footings are all in pencil, are they not? *A.* Yes, sir.

×-*Q.* 4281. On page 5, September 29, 1909, the footing of the total check column appears on the book as $4,259.47. The correct footing should be $1,259.47, a rise of $3,000; an additional taking.

Mr. Morse. May I ask the master to look at this footing?

[*The entry is examined by the master.*]

×-*Q.* 4282. This is the one you are pointing out? *A.* Yes, sir.

×-*Q.* 4283. Now, what do you say those figures are? *A.* $4,259.47.

×-*Q.* 4284. The "4" was not put in there at the same time that the others were, was it? *A.* I shouldn't think so.

×-*Q.* 4285. That is, the footing was first correct, was it not, probably? *A.* In all probability it was.

[*The entry is examined by Mr. Pillsbury.*]

The MASTER. Was that "2" changed to a "4" subsequently?

The WITNESS. I couldn't say. I should imagine it was correct. The correct footing is $1,259.47, instead of $4,259.47.

The MASTER. You just changed the "1" to a "4"?

The WITNESS. Yes, sir.

×-*Q.* 4286. When you changed it you don't know? *A.* No, sir.

×-*Q.* 4287. Now go on from that date. *A.* On October 5, page 5, 1909, the footing of the total check column appears on the book as $2,020.17. The correct total is $1,020.17, a rise of $1,000.

×-*Q.* 4288. This is the total check column? *A.* Yes, sir; an additional taking of $1,000.

Mr. MORSE. I will call your Honor's attention to the fact that in not much over half an hour, with no minutes or anything, Mr. Coleman has found quite a number of these false entries.

Mr. NAY. All that will come into your argument, I take it?

Mr. MORSE. But the master will not remember how long a time it took the witness to do what he has done.

The WITNESS. On page 7 I find the totals of the balance column not carried out at all.

Mr. NAY. What date?

The WITNESS. Page 7, for September 29, 30, October 1, 2, 4 and 5.

×-*Q.* 4289. Do you know what the reason was for omitting them? *A.* Also Octobor 6, 7, 8, 9, 11, 13, 14, 15, 16,—to the end of this book.

×-*Q.* 4290. Well, where you omit to have footings of that column, you don't carry forward the balance, do you? *A.* Oh, yes, the balances are carried forward, but the footings are not carried forward.

×-*Q.* 4291. That is, the footings are for those columns by themselves? *A.* Yes, sir.

×-*Q.* 4292. And they have nothing to do with the correctness of the account, so far as carrying balances forward is concerned? *A.* Why, yes, they prove the correctness of the account.

×-*Q.* 4293. Well, you used those in those twice-a-week tests? *A.* Yes, sir.

×-*Q.* 4294. How did you get on without them during this period? *A.* It is very evident that a test wasn't made during this time.

×-*Q.* 4295. Why not? *A.* I couldn't say. Probably I was afraid to put them in.

×-*Q.* 4296. What? *A.* I probably didn't dare to put them in.

×-*Q.* 4297. I know; but how did you avoid making this test with the cashier, — didn't he have something to do with those? *A.* Why, of course he carried his balance on his book.

×-*Q.* 4298. How do you say those tests were made? *A.* Why, I added up those fourteen pages, got the balance of the depositors' column for each of those fourteen pages, and they should agree with Mr. Earl's book.

×-*Q.* 4299. How, in fact, was that comparison made, — I mean did Mr. Earl produce his book, and you and he make the comparison? *A.* Oh, no; I simply walked over to his book and compared them, if I made a comparison.

×-*Q.* 4300. This was a regular occurrence twice a week, was it? *A.* Supposed to be done twice a week; yes, sir.

×-*Q.* 4301. What reason was given for its being omitted on these occasions? *A.* None.

Mr. NAY. I thought that you made a comparison every day.

The WITNESS. On the checks and deposits.

×-*Q.* 4302. If the comparison was not made twice a week, it was because you and Mr. Earl, for some reason or other, decided not to make it, wasn't it, or omitted to make it? *A.* I don't know that Mr. Earl had anything to do with it, because I decided not to make it.

×-*Q.* 4303. Yes, but if Mr. Earl was in the habit of making

the comparison, why wouldn't he have said something about it? *A.* Well, he probably forgot it, or left it to me, or presumed that I did make it.

×-*Q.* 4304. Who, in point of fact, usually made that comparison, — you or he? *A.* I did.

×-*Q.* 4305. And you were in the habit, then, of going to his book and ascertaining the balance shown there? *A.* Yes, sir.

×-*Q.* 4306. Did he never come to yours? *A.* He has; yes, sir.

×-*Q.* 4307. Sometimes he did, and sometimes he didn't; is that it? *A.* Yes, sir.

×-*Q.* 4308. In these particular cases you simply omitted to do it because you were afraid that some of your frauds would be discovered? *A.* I presume that was the reason. I don't remember now why I left them out.

×-*Q.* 4309. You don't remember what was said as between you and Mr. Earl, if anything was said? *A.* No, sir.

×-*Q.* 4310. Whatever it was, it was nothing that actually excited any suspicion on Mr. Earl's part that there was anything wrong, was it? *A.* Evidently not.

×-*Q.* 4311. And this is the first time — this and the time that you gave us a little while before that — when there was an omission to foot up the balances? *A.* The first I have come across; yes, sir.

×-*Q.* 4312. In all the years? *A.* Yes, sir. I find the same on page 6.

×-*Q.* 4313. I know. You gave us that, I think; but until these recent occurrences you had always footed the balances? *A.* Yes, sir.

×-*Q.* 4314. And always made these comparisons twice a week? *A.* I believe so. There may have been some few exceptions.

×-*Q.* 4315. My question now covers the whole field as to what entries you find were false, after the last date you have given, October 5th, and what evidences you find of fresh takings of money. I will put this question: Have you any reason to sup-

pose that Mr. Earl was not relying upon your checking up in the ordinary way twice a week? *A.* No, sir.

×-*Q.* 4316. You didn't tell him that you omitted to do it, did you? *A.* No, sir.

×-*Q.* 4317. And he didn't know that you hadn't footed up one of those particular columns? *A.* I don't think so.

×-*Q.* 4318. And if you were the one, ordinarily, who made the comparison, checking between the two books, he would not be likely to know whether you did or did not omit to do it on certain occasions? *A.* No, sir; he would not.

×-*Q.* 4319. Now, proceed, if you will, from October 5 and give us the first false entry that you find. *A.* I have just carried it through for that page, for October 5. I haven't finished the rest of them yet.

×-*Q.* 4320. Very well. *A.* On page 7, October 4, the footing of the total check column appears on the book as $3,875.23. The correct footing should be $875.23, or a rise of $3,000, signifying another taking. I see that the footings on page 8 have been left out, the same as on the previous page. I find on September 30 a few entries in Lockhart's handwriting.

×-*Q.* 4321. What is the nature of the entries? *A.* Why, several check deposits made in his handwriting.

×-*Q.* 4322. He didn't keep the entire book for that day? *A.* No, sir.

×-*Q.* 4323. Very well. *A.* On page 2, October 7, 1909, the footing of the total check column appears on the book as $4,534.93. The correct footing is $1,534.93, a rise of $3,000.

The Master. Is that a taking?

The Witness. That signifies another taking; yes, sir. On page 4, October 13, 1909, the footing of the total check column appears on the book as $6,269.05. The correct footing should be $2,769.05, or a rise of $3,500, signifying another taking.

×-*Q.* 4324. $3,500? *A.* Yes, sir.

×-*Q.* 4325. Take that case, for illustration; in what way, did you get the $3,500? You drew a check, I assume, for $3,500 on the National City Bank? *A.* Yes, sir.

×-*Q.* 4326. And what did you do with the check? *A.* Gave it to J. Thomas Reinhardt. My check was probably given on the 12th.

×-*Q.* 4327. And then what did you receive from Reinhardt? *A.* I received the check which was put to my credit in the office of Reinhardt.

×-*Q.* 4328. How did you get the cash from Reinhardt's office? Did you draw checks on that? *A.* No, sir.

×-*Q.* 4329. How did you get it? *A.* Reinhardt made his check payable to me for $3,500.

×-*Q.* 4330. Where did you cash the check? *A.* Cashed it at the National Union Bank, Boston.

×-*Q.* 4331. Who presented it there? *A.* W. W. Lockhart.

×-*Q.* 4332. He brought the money to you? *A.* He did.

×-*Q.* 4333. What explanation did you give to Lockhart of those transactions? *A.* None.

×-*Q.* 4334. Did he ask you what they meant? *A.* He did not.

×-*Q.* 4335. Did you tell him that you had any business, or any funds outside of your salary in the bank? *A.* I did not.

×-*Q.* 4336. What did you think he supposed about it? *A.* I didn't care what he supposed.

×-*Q.* 4337. Well, what did you think he supposed? *A.* I didn't even stop to think what he supposed.

×-*Q.* 4338. In what way did you send this check? Did you send it openly to Lockhart, or did you put it in an envelope and seal it, or how did you send it? *A.* I put it in an envelope, and addressed it to Van Blarcom.

×-*Q.* 4339. Was it sealed? *A.* Yes, sir.

×-*Q.* 4340. Did Lockhart know what you put in the envelope? *A.* No, sir.

×-*Q.* 4341. You simply handed him the envelope, sealed, addressed to Van Blarcom? *A.* Yes, sir.

×-*Q.* 4342. This, you may assume, is the check in this case, Exhibit 22. This is the check, I assume, which was drawn by Van Blarcom to Lockhart's order for $3,500. What did Lockhart do with that check? *A.* I suppose he went to the National Union Bank and cashed it.

×-*Q.* 4343. Did he bring you the cash? *A.* He did.

×-*Q.* 4344. How did he give it to you in the bank so as not to be observed by others? *A.* I don't say he gave it to me in the bank.

×-*Q.* 4345. Well, where did he give to you? *A.* Well, he might have given it to me in the bank; it might have been in Boston, at the Kissel Kar office; it might have been in the Back Bay station.

×-*Q.* 4346. Did you, in giving him the envelope, instruct him where to meet you? *A.* I did.

×-*Q.* 4347. And he understood then that the result of all this was to get some money to bring to you? *A.* I don't know whether he did or not.

×-*Q.* 4348. Well, he brought you the money openly? *A.* He did.

×-*Q.* 4349. And he got it by cashing his check at the Union Bank? *A.* He did.

×-*Q.* 4350. And you gave him no explanation of what that transaction meant? *A.* No, sir.

×-*Q.* 4351. Did he know of the fact that you had drawn a check on the Cambridge bank for $3,500? *A.* No, sir.

×-*Q.* 4352. He didn't know, then, what was in that envelope? *A.* No, sir.

×-*Q.* 4353. In no one of these cases? *A.* Not to my knowledge.

×-*Q.* 4354. Were most of the transactions conducted in that way? *A.* I believe they were.

×-*Q.* 4355. Did he ever pay you the money in the bank? *A.* I think he has.

×-*Q.* 4356. How often? *A.* I couldn't say as to that; probably several times.

×-*Q.* 4357. Well, do you remember anything about it? *A.* Not distinctly; no, sir.

×-*Q.* 4358. Usually it was some place outside of the bank, wasn't it? *A.* I should say the majority of the times it was outside of the bank.

×-*Q.* 4359. A large majority, wasn't it? *A.* Yes, I should say a large majority.

×-*Q.* 4360. You were concealing all this from Mr. Earl? *A.* Yes, sir.

×-*Q.* 4361. What is the next false entry, or evidence of taking of money, that you find after the 13th of October? *A.* On page 5, October 14, 1909, the total of the check column appears on the book as $4,142.23. The correct total is $1,142.23, a rise of $3,000, signifying another taking. October 15, page 5, the total of the total check column appears on the book as $9,021.13. The correct footing should be $8,021.13, a rise of $1,000, showing an additional taking of that amount. On page 5, October 18, 1909, the footing of the total check column appears on the book as $8,575.06. The correct footing is $4,575.06, a rise of $4,000, showing an additional taking of that amount.

×-*Q.* 4362. That is all you find in that book? *A.* It is.

×-*Q.* 4363. Take the next book.

Mr. DEAN. He is looking for the Lockhart entries, isn't he, Mr. Morse?

The WITNESS. Yes, sir.

×-*Q.* 4364. Now, what is the number of this exhibit? *A.* Exhibit 63.

×-*Q.* 4365. And this begins on what date?

Mr. NAY. Mr. Kneeland calls my attention to the fact that there are probably two exhibits here, because we combined these. He is looking now at Exhibit 63 — Exhibits 63 and 64.

×-*Q.* 4366. What is the date of the first entry? *A.* October 20.

×-*Q.* 4367. 1909? *A.* Yes, sir.

×-*Q.* 4368. Please examine that book and state all the instances you find of false entries, or evidences of the illegal taking of money, or of Lockhart's handwriting. *A.* I find the footing of the balance column on page 2, at the close of business October 25, appears on the books as $7,039.09. The true footing is $11,539.09. That signifies a difference of $3,500, not an additional taking, on page 2, at that time.

×-*Q.* 4369. Please explain what you mean by saying that, although there is that difference of $3,500, it does not mean a fresh taking. *A.* It means a difference between the individual

depositor's balance and the total balance of $3,500; that is, there is $3,500 more deposits shown on the book than there is shown on the balance of the book. Take a check for $3,500 out, the balance that had been raised on page 2 would show a decrease in the balance shown in the footing, but not in the depositors' balances.

×-*Q.* 4370. Is the footing correct of that balance? *A.* Yes, you can call it correct in one way.

×-*Q.* 4371. What I mean is, if you add up the figures in that column, is the footing right or wrong? *A.* Wrong.

×-*Q.* 4372. $3,500? *A.* Yes, sir.

×-*Q.* 4373. $3,500 too much, or too little? *A.* $3,500 too much.

×-*Q.* 4374. $3,500 more than these individual— *A.* No. Those are $3,500 more than the balance footing.

×-*Q.* 4375. Give us the actual footing once more, the actual footing of that column. *A.* $7,039.09 is not the actual footing; that is the footing we get by adding and subtracting the day's work across the page.

×-*Q.* 4376. Which is the column where you say the footing is wrong? *A.* The balance column, page 2, October 25.

×-*Q.* 4377. What is the correct footing of that column? *A.* $11,539.09.

Mr. PILLSBURY. Do you mean the true footing of the figures on the book?

The WITNESS. Yes, sir; it would be that.

×-*Q.* 4378. Have you figured it up to see? *A.* Yes, sir.

×-*Q.* 4379. As quickly as this? *A.* Why, it is all figured up there.

×-*Q.* 4380. I don't understand that. What are those figures down there? *A.* The total of the balance column.

×-*Q.* 4381. What are the figures? *A.* $7,039.09.

×-*Q.* 4382. Now, you say it should be how much? *A.* $11,539.09.

×-*Q.* 4383. What I want to get at is this: I want you to explain to the master what the difficulties and intricacies of this thing are. I want you now to explain. This is a column where the actual footing in these faint pencil marks is $7,039.09 and that, you say, should be $11,539.09. Now my question is how you knew it

should be that figure. Did you actually add up those figures before you answered that question? *A.* I saw them added up there, 11, 5, 3, 9, 0, 9. There it is, there. I took the right-hand figures all the way up in that bunch of figures.

×-*Q.* 4384. Well, when was that addition made? *A.* I couldn't say.

Mr. NAY. Is it your writing?

The WITNESS. It is my writing.

×-*Q.* 4385. Was it made at the same time that this one was? *A.* I should presume later.

×-*Q.* 4386. What was the object of making it when it was made? *A.* To prove that column — try to prove it.

×-*Q.* 4387. Well, now, then, assume for the moment that that is all clear, if you find that your total balances here are figured up $3,500 less than they should be —

Mr. BUNKER. He has been testifying about $3,500, but I don't see why it is not $4,500.

×-*Q.* 4388. How is that, Mr. Coleman? *A.* That is correct,— $4,500.

×-*Q.* 4389. Then this rapid-fire method that you have been describing does not work out right, does it? *A.* Not always.

×-*Q.* 4390. And it didn't in that case, did it? *A.* No.

×-*Q.* 4391. Then all these commendations by Mr. Nay go for nothing.

Mr. NAY. No; the additions are right; the error was in the subtraction.

Mr. MORSE. I thought that you were pointing out the beauties of this system, by which he could tell right off what the facts were without figuring up.

The WITNESS. It is only a thousand dollars.

Mr. MORSE. It is only a mistake of a thousand dollars, I understand.

The WITNESS. That is all.

×-*Q.* 4392. That is $4,500, taking it at that figure, and that, you say, does not represent any fresh taking of money? *A.* No, sir.

×-*Q.* 4393. Well, does the footing of this balance column gen-

erally have any bearing, or throw any light upon the question of whether money has been taken or not? *A.* Why, yes; that footing down there shows the amount of money there should be to the credit of depositors on page 2 at the close of business October 25, The actual addition of those figures shows that there should be $4,500 more.

×-*Q.* 4394. Well, I don't get it through my head now why that $4,500, then, does not have any other bearing than simply as showing an error here in the footing. *A.* Well, we will take, for instance, now, page 2; on October 7 there was a rise in the total check column of $3,000. That would account for $3,000 of that $4,500. There is evidently another $1,500 that I haven't discovered. That is $3,000 out of the $4,500. That I can tell you right off what it is. I took it out of page 2, in the footing of the page. I have not taken it out of anybody's deposit. So that that would show at least $3,000. If I subtract that $3,000 from somebody's account they will both agree.

×-*Q.* 4395. Well, I am going to leave Mr. Bunker to deal with that. I can't follow it. Go on now from that date, and give us any incorrect or false entries or any fresh takings you find. *A.* On page 5, October 20, 1909, the footing of the total check column appears on the book as $4,231.75. The correct footing should be $231.75, a rise of $4,000, showing an additional taking. On October 22, page 5, the footing of the total check column appears on the book as $8,110.76. The correct footing should be $3,610.76, a difference of $4,500, showing an additional taking at that time.

The MASTER. On what date?

The WITNESS. October 22. On page 5, October 25, the total of the total check column appears on the book as $6,000.23. The correct total should be $4,200.23, or a difference of $1,800, showing another taking at that time. On October 26, page 5, the total of the check column appears on the book as $2,408.18. The correct addition is $1,908.18, a difference of $500, showing an additional taking of $500. On October 23, page 12, the total of the total check column appears on the book as $6,368.12. The correct total should be $4,368.12, a rise of $2,000, an additional taking.

On page 5, under date of October 27, 1909, the total of the total check column appears on the book as $4,193.63. The correct total is $193.63, a rise of $4,000, showing a taking at that time.

×-*Q.* 4396. Proceed from that date and give us the next instance of false entries or new takings of money. *A.* On page 5, October 29, 1909, the footing of the total check column appears on the books as $5,640.38. The correct total should be $3,140.38, or a difference of $2,500, signifying a taking on that date.

×-*Q.* 4397. What do you say that is? *A.* $5,640.38.

×-*Q.* 4398. Was that "5" the original figure there? *A.* I should say not.

×-*Q.* 4399. There has been an erasure there, has there not? *A.* There has.

×-*Q.* 4400. And when that change was made you don't know? *A.* Probably that same day; I couldn't say.

×-*Q.* 4401. You have no knowledge? *A.* No, sir.

×-*Q.* 4402. Well, go on to the next false entry or new taking of money. *A.* On page 5, October 30, 1909, the footing of the total check column appears on the book as $4,430.40. The correct total should have been $1,830.40, a difference of $2,600.

×-*Q.* 4403. Where is that? *A.* There [*indicating*].

×-*Q.* 4404. That first figure is what? *A.* A "4".

×-*Q.* 4405. Was that the original figure there? *A.* Yes, sir.

×-*Q.* 4406. Doesn't that heavy cross on the "4" indicate that it was made at some other time than at the time of the first entry? *A.* No, sir.

Mr. MORSE. I dislike to trouble the master too much, but it is easier for him to come down here than it is to remove the book.

The MASTER. Yes [*going to the table to examine the book*].

Mr. MORSE. There was that first one, where he said the "5" was not the original figure, there was an erasure, and the "5" was inserted; and the one that he has now testified to is that "4", and that is the heavy line that I called attention to.

The MASTER. Yes.

×-*Q.* 4407. What is the next entry you find, false entry? *A.* Page 5, November 1, the footing of the total check column appears

on the book as $2,700.75. The correct total should be $700.75, or a rise of $2,000.

×-*Q.* 4408. Let me see that one. *A.* There [*pointing*].

Mr. MORSE. Mr. Dean, can you give me the date of the examination by the bank examiner this year?

Mr. DEAN. December 6, I should say from memory, but I will find out.

×-*Q.* 4409. Go on from that date, and give us the next false entry. You haven't come across any of Lockhart's handwriting, have you, since we began this morning? *A.* No, sir. On page 5, November 2, the footing of the total check column appears on the book as $3,443.64. The correct footing should be $243.64, a difference of $2,200.

×-*Q.* 4410. That is very faint, isn't it? *A.* Yes, sir. Did I say the difference was $2,200 or $3,200? It should be $3,200.

×-*Q.* 4411. That footing is very faint, isn't it? *A.* It is faint; yes, sir.

×-*Q.* 4412. The next false entry? *A.* Do you want me to mention when footings are left out?

×-*Q.* 4413. No; that doesn't answer my question. I want the next false entry. *A.* On page 5, November 5, 1909, the footing of the total check column appears on the book as $6,753.66. The correct footing should be $2,253.66, or a difference of $4,500.

×-*Q.* 4414. Let me see that. [*The entry is examined by Mr. Morse.*] Those first two figures, "6" and "7", look to me very different in appearance from the others. Were they made at the same time or at a different time? *A.* Well, I couldn't say.

×-*Q.* 4415. What is it? *A.* I couldn't say.

×-*Q.* 4416. Do they appear to you to have been made at the same time? *A.* Well, I should say they had been erased once, but I couldn't say when the second figures were put in.

×-*Q.* 4417. You do see signs of an erasure there? *A.* I do.

×-*Q.* 4418. Of which figure? *A.* The first two.

×-*Q.* 4419. Well, that was my question, whether they do not appear, then, to have been written at some other time than the other figures? *A.* Oh, they may have been written the same day.

×-*Q.* 4420. I didn't ask about the same day, or what day, but were they made with the same stroke of the pen — those first two figures and the last two? *A.* I should say not.

×-*Q.* 4421. Then there were some figures in the place there before these two, the "6" and "7"? *A.* I should say so.

×-*Q.* 4422. And those were presumably the correct figures, were they not? *A.* They probably were.

×-*Q.* 4423. When the change was made you don't know? *A.* No, sir.

×-*Q.* 4424. And there is nothing in the appearance of the pencil marks to indicate when the change was made? *A.* No, sir.

×-*Q.* 4425. Well, go on from there now. *A.* On page 5, November 8, the footing of the total check column appears on the books as $5,122.43.

×-*Q.* 4426. What do you say as to the figures in that footing, whether there have been erasures there? *A.* I should say not.

×-*Q.* 4427. Is that the original "5" in that first column? *A.* I should say so.

×-*Q.* 4428. Made intentionally very faint? *A.* No, sir.

×-*Q.* 4429. Do you call that a well-defined "5" there? *A.* I shouldn't call it so now.

Mr. MORSE. May I trouble the master again?

[*The master examines the entry.*]

×-*Q.* 4430. I want to go back, first, to the first one we were talking about. (That is the one where he says that evidently there was an erasure, — that the "6" and the "7" are evidently not the original figures that were there) —

The MASTER. Yes.

Mr. MORSE. Now, then, the one that he is talking about is this footing. I asked him whether that was the original "5" which was there.

The MASTER. What do you say to that?

The WITNESS. I should say that it was in that case; yes, sir.

×-*Q.* 4431. That is the way you made it, is it? *A.* That is a smooch there, I think, rather than an erasure.

×-*Q.* 4432. Was that the original "1", the next one? *A.* I should say they were all the original figures.

×-*Q.* 4433. How do you account for the fact that the stroke on the "1" seems to be much heavier than on the others? Well, I couldn't say as to that.

×-*Q.* 4434. Don't you think it is? *A.* I think it is a little heavier; yes, sir.

×-*Q.* 4435. Doesn't that indicate that it was made at a different time from the other figures? *A.* No, sir; I don't think so.

×-*Q.* 4436. Where you are using the same pencil, making up and down strokes, you wouldn't ordinarily expect to see a difference like that, would you? *A.* I never saw a pencil that made the same stroke at the same time, all at once — I mean the same thickness and the same —

×-*Q.* 4437. There is nothing in that to indicate to your eye that that "1" was made at a different time? *A.* No, sir; not a thing.

×-*Q.* 4438. Nothing in the faintness of that original "5" to indicate that there was some purpose in making it faint, or that it took the place of some other figure? *A.* No, sir.

×-*Q.* 4439. You were at that time taking large sums of money, weren't you? *A.* I was.

×-*Q.* 4440. And using every artifice known to you to conceal those takings? *A.* Well, I only used one, I believe, at that time.

×-*Q.* 4441. You knew that if your footings disclosed serious errors you stood a good chance of having the — if anybody chanced upon them you stood a good chance of being detected? *A.* Yes, sir.

×-*Q.* 4442. And it was an object for you, therefore, to make your footings either originally right, and at some subsequent time alter them, or to make them faint, so that they could be easily erased or changed if you wished? *A.* I don't think that that had anything to do with making the figures on the book.

×-*Q.* 4443. I say, it would have been an object for you to do that, wouldn't it? *A.* I don't think so.

×-*Q.* 4444. Why wouldn't it have helped you in your scheme

of deceit and concealment, if you could make figures that could be changed at will, or when necessity arose? *A.* Why, yes, but it was just as easy to rub out a heavy pencil footing as it was a light one.

×-*Q.* 4445. But the heavy pencil footing may have been due to your making it at a subsequent time, at a different time from the original making, may it not? *A.* I don't think so.

×-*Q.* 4446. Well, go on to the next false entry. *A.* I find that on November 6 Lockhart made part of the entries on the books.

×-*Q.* 4447. What is it? *A.* I find that on November 6 Lockhart made part of the entries on the book.

×-*Q.* 4448. What entries did he make? *A.* He carried forward the checks in detail, the total check column, and he added checks and deposits for that day.

×-*Q.* 4449. What was the last? *A.* And he added checks and deposits for that day.

×-*Q.* 4450. Are those figures of his correct? *A.* Yes, sir.

×-*Q.* 4451. Will you state the next entry which you find? *A.* On page 5, November 15, the footing of the total check column appears on the book as $13,019.70. The correct footing should be $7,019.70, a difference of $6,000.

The Master. Was that a taking?

The Witness. Yes, sir. These were all takings.

×-*Q.* 4452. There appear to be some half erased figures below that footing, do there not? *A.* There are some figures there.

×-*Q.* 4453. What are those? *A.* They look like "20".

×-*Q.* 4454. What do they mean? *A.* I couldn't say.

×-*Q.* 4455. Were they parts of another footing or not? *A.* I couldn't say as to that.

×-*Q.* 4456. They are your figures, aren't they? *A.* I should think so.

×-*Q.* 4457. Then take this footing that you have given, were those figures all written at the same time? *A.* I think not.

×-*Q.* 4458. Which ones appear to you to have been written over

an erasure, or at a different time from the rest of the entry? *A.* The "13."

×-*Q.* 4459. The first two figures? *A.* Yes, sir.

×-*Q.* 4460. Have you any means of determining what were the original figures there? *A.* It looks as if the "3" had been a "2", as near as I can make out.

×-*Q.* 4461. What do you say about the other? *A.* The "1" I couldn't say about.

×-*Q.* 4462. Do you assume that the original footing was correctly put down? *A.* As near as I can make out, I should say it was put down "12,019" instead of "13,019."

×-*Q.* 4463. That "1" is not an original mark, is it? *A.* No, I don't know as it is.

×-*Q.* 4464. Very well. Then if it is not the original mark, it was not either "12" or "13" to start with, was it? *A.* I couldn't say as to that.

×-*Q.* 4465. The fact is that all you know about it is that that original footing was not the one that is there now? *A.* The first two figures.

×-*Q.* 4466. And what it was you don't know? *A.* No, sir.

×-*Q.* 4467. Or when the change was made you don't know? *A.* No, sir.

×-*Q.* 4468. And you don't know what it means that down below, in that same column, there are some figures partly erased? *A.* Yes, sir.

×-*Q.* 4469. I say, you don't know what that means? *A.* I don't know what that means.

×-*Q.* 4470. And yet you know that they were figures that were made by you? *A.* I should say that they were made by me.

×-*Q.* 4471. You don't know when those figures were put there? *A.* No, sir.

×-*Q.* 4472. Does it appear to you that those figures, or some figures, were put in the line below, and that then they, or some of them, were erased? *A.* There are only two figures that I can see.

×-*Q.* 4473. Do you think that those are the two as you originally wrote them? *A.* Probably smooched over some.

×-*Q.* 4474. What is the next false entry which you find? *A.* On page 5, November 16, the footing of the total check column appears on the book as $8,667.90. The correct footing is $4,667.90, or a difference of $4,000.

×-*Q.* 4475. Which is the column? *A.* There [*pointing*].

×-*Q.* 4476. Now, is there an evident erasure there? There is an evident erasure, isn't there? *A.* A marking over, I should say.

×-*Q.* 4477. What was the original entry there? *A.* "4,667.90."

×-*Q.* 4478. That is the total check column? *A.* Yes, sir.

×-*Q.* 4479. Was that original footing right? *A.* Was the "4,667.90" right?

×-*Q.* 4480. Yes. *A.* Yes, sir.

×-*Q.* 4481. That was right? *A.* Yes, sir.

×-*Q.* 4482. Then at some time you changed the first figure, and made it an "8"? *A.* Yes, sir.

×-*Q.* 4483. You don't know when you did it? *A.* No, sir.

×-*Q.* 4484. So that if at the time, or about the time, when that original footing was made, the column had been examined, or the footings had been examined, they would have been found correct, of course? *A.* I think that they probably would have.

×-*Q.* 4485. They necessarily would have, wouldn't they? *A.* Why, no. To make my checks agree, that $4,000 should have been taken into account.

×-*Q.* 4486. But the footing of that column was correct, that "4,667.90," wasn't it? *A.* Yes, sir.

×-*Q.* 4487. You mean that if they had gone farther, and made further examination, they might have found a mistake? *A.* If they had footed up my total deposits without that $4,000, my total checks would have been wrong.

×-*Q.* 4488. I understand what you mean; but the original footing of the column was right? *A.* At one time; yes, sir.

×-*Q.* 4489. At some time you changed it? *A.* Yes, sir.

×-*Q.* 4490. What is the next false entry? *A.* On page 4, November 22, the footing of the total check column appears on the book as $3,690.64. The correct footing is $690.64, a rise of $3,000.

×-*Q.* 4491. That is, the "3" was added, the first "3"? *A.* I

shouldn't say so. I should say it was written all at the same time.

×-*Q.* 4492. Well, that is the fraud, isn't it, the addition of the "3"? *A.* Yes, sir.

×-*Q.* 4493. Now, doesn't it appear to you that the "3" was added afterwards? *A.* No, sir.

×-*Q.* 4494. Well, take the slope of those figures; all those figures are on the same slope, and the "3" is on a different slope, isn't it? *A.* No, sir; I shouldn't say it was. I think if you will take that "3" and that slope, you will find it is written about the same way.

×-*Q.* 4495. Well, do you think so? *A.* I do.

Mr. MORSE. I wish the master would look at this. This is a little different kind of an entry.

[*The master examines an entry pointed out by Mr. Morse.*]

×-*Q.* 4496. The fraud here was making that "3", adding $3,000, wasn't it? *A.* The $3,000; yes, sir.

×-*Q.* 4497. Very well. Now, those figures would have been right, wouldn't they, "690.64"? *A.* $690.64.

×-*Q.* 4498. $690.64 would have been right. Now, I ask you whether that "3" was not added afterwards? *A.* I should say not.

×-*Q.* 4499. And you would say that that "3" is on the same slope as those other five figures? *A.* Yes, sir.

Mr. NAY. You would need a micrometer to prove it otherwise, wouldn't you?

Mr. PILLSBURY. You would need a micrometer to read it at all.

Mr. NAY. You can't read with a micrometer.

Mr. PILLSBURY. I don't know what a micrometer is, but I am willing to admit that you do. You seem to know, and I am ready to admit that I know less than you do.

×-*Q.* 4500. What is the next false entry?

Mr. NAY. Those figures were faint, but I noticed that Mr. Morse put his finger across them once — of course not with the slightest intention of changing the appearance of them; but think of all the people that have done that!

Mr. MORSE. And my finger didn't make the slightest impression.

Mr. NAY. Well, you take twenty people doing that same thing, it might make some impression.

*A.* On page 5, November 18, the footing of the total check column appears on the book as $4,586.99. The correct footing is $586.99, a rise of $4,000.

×-*Q.* 4501. The fraud consisted in adding the "4" to make that $4,000, didn't it? *A.* It did.

×-*Q.* 4502. I ask whether the figures were not originally written without the "4"? *A.* I should say there was another figure in the place of the "4" at the time it was originally written.

×-*Q.* 4503. You would say that the "4" was not written at the time the other figures were written, wouldn't you? *A.* Not the figure "4"; no, sir.

×-*Q.* 4504. And you would say that it was added some time afterwards? *A.* No; I should say it was changed some time afterwards.

×-*Q.* 4505. Made a "4" some time afterwards? *A.* Changed to a "4" some time afterwards.

×-*Q.* 4506. What was it before it was a "4"? *A.* It looks very much like a "3". There was a change in that one figure.

Mr. MORSE. I would like to have the master look at this, if he will.

[*The entry is examined by the master.*]

×-*Q.* 4507. Those three figures are what? *A.* "586.99."

×-*Q.* 4508. That was the correct footing of that column, wasn't it? *A.* That was the correct footing.

×-*Q.* 4509. And my question was as to whether this "4", which made the fraud of $4,000, was not added afterwards. You say that it was made a "4" afterwards. I asked you whether the whole thing was not written afterwards, and you say that you think it was originally a "3", altered to a "4". Where do you see the mark of a "3"? *A.* At that top there. It strikes in here and comes down again.

Mr. MORSE. Well, I guess we shall need Mr. Nay's "micrometer" on that.

Mr. NAY. It is Mr. Pillsbury who sees with a micrometer, not I.

×-*Q.* 4510. Now, what is the next false entry? *A.* On page 5, November 20, the footing of the total check column appears on the

book as $4,277.08. The correct footing is $1,277.08, or a rise of $3,000.

×-*Q.* 4511. Is that one of the cases where a "1" was altered to a "4"? *A.* I should say it was a "4".

×-*Q.* 4512. Wasn't it originally a "1"? *A.* I don't think so. I don't see any signs there of its being altered.

×-*Q.* 4513. That would be a "1", wouldn't it, that vertical mark? *A.* The vertical mark of every "4" would be a "1" — not merely of that particular "4".

×-*Q.* 4514. And so that particular straight mark would be a "1", of course? *A.* Yes.

×-*Q.* 4515. Doesn't it appear to you that that crossing was made afterwards? *A.* No, sir.

×-*Q.* 4516. What is the next false entry? *A.* Page 5, November 24, the footing of the total check column appears on the book as $5,025.85. The correct footing should be $3,025.85, a rise of $2,000.

Mr. MORSE. Let me see that.

[*The entry is examined by Mr. Morse.*]

×-*Q.* 4517. What do you say the correct footing should be? *A.* $3,025.85.

×-*Q.* 4518. That is a clear case of an alteration of a figure, isn't it? That "5" is an altered figure, isn't it? Then the figure that appears as a "5" makes a rise of $2,000? *A.* Yes, sir.

[No cross-interrogatory numbered 4519.]

×-*Q.* 4520. And then my question is, isn't that "5" a figure written since the original footing was put there, written over the original footing? *A.* Well, there is a mark above the "5" there. I can't see any signs of an erasure there. I don't know.

×-*Q.* 4521. I don't say necessarily an erasure. You might have written it over another figure? *A.* I don't see any sign of another figure there.

×-*Q.* 4522. Isn't that "5" written at a different time from the rest? *A.* I should say not.

×-*Q.* 4523. At a different time from the rest of the figures in that footing? *A.* No, sir.

×-*Q.* 4524. That "5" is different from the "5" in the next footing, the column to the left, isn't it? *A.* I think it is just about the same. It looks as if somebody might have run a pencil and made a mark on that line.

×-*Q.* 4525. It does. It looks as if somebody might have run a pencil— *A.* Yes, sir.

×-*Q.* 4526. Well, who do you think might have made that pencil line? *A.* I couldn't say.

×-*Q.* 4527. You? *A.* It might have been. But the mark doesn't signify anything. It is only a straight line, just somebody running a pencil along making a straight mark.

Mr. MORSE. May I trouble the master once more?

[*The master examines an entry pointed out by Mr. Morse.*]

Mr. MORSE. Here is the footing, "5025.85". The real footing is "3025.85".

×-*Q.* 4528. My question is whether that "5" was not made after the original footing was put there, and I call attention to the contrast between the "5" and this "5" here. Which is the straight line that you think somebody may have put there? *A.* I should say that line there was a line put in afterwards.

×-*Q.* 4529. The upper one or the lower one? *A.* The lower one.

The MASTER. The question is, which one of those two is the later mark.

×-*Q.* 4530. Can you suggest anybody who may have had an interest to make a mark on your figure there? *A.* I don't think it was intentionally put there, any more than that mark there was intentionally put there.

×-*Q.* 4531. Well, go on to the next false entry.

Mr. NAY. Mr. Coleman is wrong on that. I will correct it later, or now if you want it. That column adds $2,025.85. He has just said that it was $3,025.85, but he has previously testified that it was $2,025.85, and that is right.

Mr. MORSE. Do you infer from that an additional taking of $1,000?

Mr. NAY. No. He testified before that it was a discrepancy of $3,000, and that it was a taking of $3,000. He now got his addi-

tion wrong, as I say, and said that the taking was of $2,000, which differs from his previous testimony. I think that he will tell you that the correct addition is $2,025.85. Will you add that over, Mr. Coleman?

The WITNESS. Yes, sir; it is $2,025.85.

×-*Q.* 4532. And the taking is how much? *A.* $3,000.

×-*Q.* 4533. Wasn't that original figure a "2", the first figure in that footing? *A.* I should say not.

×-*Q.* 4534. What is the next false entry? *A.* On page 5, November 27, the footing of the total check column appears on the book as $4,465.05. The correct footing is $2,465.05, a rise of $2,000.

×-*Q.* 4535. Isn't there a mark of an erasure there? *A.* No, sir.

×-*Q.* 4536. What is that mark in that column? *A.* A finger print.

×-*Q.* 4537. A finger print? *A.* Yes, sir.

×-*Q.* 4538. Why, isn't the first "4" made heavier than the next one? *A.* It appears heavier; yes, sir.

×-*Q.* 4539. Yes. And doesn't that suggest to you that that was not the original figure? *A.* It may not be the original figure.

×-*Q.* 4540. It may not be? *A.* It may not be.

×-*Q.* 4541. Then that "4" may have been made subsequently to the original figure? *A.* It may have been changed afterwards; yes, sir.

×-*Q.* 4542. And the original figuring may have been right? *A.* It may have been.

×-*Q.* 4543. You would be inclined to think that that is the fact, wouldn't you, from looking at it? *A.* It might have been changed. I couldn't say. It is not erased, anyhow.

×-*Q.* 4544. Well, whether erased or not, the original figure there may have been a "2"? *A.* May have been; yes, sir.

×-*Q.* 4545. Altered to a "4"? *A.* May have been.

×-*Q.* 4546. When it was altered you don't know? *A.* No, sir.

×-*Q.* 4547. What is the next false entry? *A.* On page 5, December 5, the footing of the total check column appears on the book as $3,840 — that should be December 6. The correct footing should be $340, a rise of $3,500.

Mr. DEAN. That is after the bank examination, Mr. Morse.

×-*Q.* 4548. Is this the one? *A.* Yes, sir.

×-*Q.* 4549. Well, those two figures were written at a different time from the rest, were they not? *A.* I shouldn't say so.

×-*Q.* 4550. Is that second figure an "8"? *A.* Yes, sir.

×-*Q.* 4551. Do you mean to tell me that that "8" was written at the same time that the next figures were,— the "1" and the "0"? *A.* It is a "4" and a "0".

×-*Q.* 4552. It is "4" and "0"? *A.* Yes, sir.

×-*Q.* 4553. What was the correct footing of that column? *A.* $340.

×-*Q.* 4554. Now, wasn't that originally a "3"? *A.* I don't think so.

×-*Q.* 4555. And altered to an "8"? And doesn't that account for its being so large, that "8"? *A.* It may have been, but I don't think so. I shouldn't have said that figure had been altered.

×-*Q.* 4556. Should you say that positively? *A.* I should say not.

×-*Q.* 4557. That is your present opinion, you mean? *A.* Yes, sir.

×-*Q.* 4558. You may be mistaken on that, may you not? *A.* I may be.

×-*Q.* 4559. Now, I didn't intend to have you testify to any false entries beyond the date of the examination by the bank examiner on the 3d of December, because I wanted to ask what preparation you made for that examination. *A.* Why, I made my book agree with Mr. Earl's book as to the total amount of the deposits.

×-*Q.* 4560. But you haven't stated any of those changes, have you? *A.* No, sir.

×-*Q.* 4561. Those would all be false entries, wouldn't they? *A.* They would.

×-*Q.* 4562. Well, why have you omitted them in your statement to me? *A.* I haven't noticed any as I have gone along, except, of course, all these footings are false entries.

×-*Q.* 4563. I asked you carefully to point out every instance of false entries, haven't I? *A.* You have.

×-*Q.* 4564. In chronological order? *A.* You have.

×-*Q.* 4565. And you have understood that I wanted you to go

through the book and tell us every false entry that you found, haven't you? *A.* That is all I have noticed so far.

×-*Q.* 4566. And all you have given us have been in the footings of these check balances; isn't that so? *A.* Yes, sir.

×-*Q.* 4567. Have you intentionally passed over any other false entries? *A.* I haven't noticed them.

×-*Q.* 4568. And yet now you say there must have been other false entries? *A.* Yes, sir.

×-*Q.* 4569. Well, how happened you not to notice them? *A.* In glancing over the pages I have not noticed any false entries excepting those. Of course the footings of the pages are all false entries.

×-*Q.* 4570. Did you notice that as you passed them over? *A.* Yes, sir.

×-*Q.* 4571. As false? *A.* Yes, sir.

×-*Q.* 4572. Why didn't you state that? *A.* I supposed that that was the natural conclusion, that if one entry was false they were all false. It stands to reason that if one is false they are all false.

×-*Q.* 4573. I don't know what the logic of that situation is, but I asked you to tell us specifically every false entry that you found on the books, and I supposed that you were doing so. Now, do you mean to tell us that you recognized other false entries, and that you omitted to state them? *A.* I have those [*pointing*]; yes, sir.

×-*Q.* 4574. Well, I will deal with those later, then. Now, have you omitted, in going over these accounts, to state the accounts in which the accounts of depositors have been juggled? *A.* I haven't noticed any of those.

×-*Q.* 4575. And yet, in order to make up your books for the bank examiner, you had to drop balances on the depositors' accounts, didn't you? *A.* I did.

×-*Q.* 4576. You did? *A.* Yes, sir.

×-*Q.* 4577. And you had to drop them to a large amount, didn't you? *A.* Yes, sir.

×-*Q.* 4578. And yet you haven't noticed those as you have

passed over the pages of the book? *A.* I haven't noticed those; no, sir.

×-*Q.* 4579. Not one? *A.* No, sir.

×-*Q.* 4580. Could you find them now? *A.* I could find some of them.

×-*Q.* 4581. Why couldn't you find them all? *A.* Well, the morning the bank examiner came to the bank I hadn't touched this book.

×-*Q.* 4582. What do you mean by "hadn't touched this book"? *A.* I hadn't started to figure up my balances or carry forward the footings of the pages or anything, and I didn't think I should. About noon time I started in to make the book agree, and I cut balances, accounts, footings — anything to make the book agree.

Mr. PILLSBURY. Does he mean while the bank examiner was there?

The WITNESS. That was while the examiner was in the bank.

×-*Q.* 4583. While the examiner was in the bank? *A.* Yes. There was no special way that I did to make it agree. I cut off a "1", or changed a "1" to a "3", or cut down the footings of pages, or did almost anything to make it agree.

×-*Q.* 4584. And you did make it agree? *A.* I did make it agree; yes, sir.

×-*Q.* 4585. Agree with what? *A.* With the total amount of deposits on Mr. Earl's book.

×-*Q.* 4586. How were you able to do that — that is to say, what record did you have that enabled you to know just how much you had to change? *A.* Why, I had Mr. Earl's ledger.

×-*Q.* 4587. Well, that showed the actual balance of deposits, did it? *A.* That showed the correct amount; yes, sir.

×-*Q.* 4588. Did you have any other memorandum or record than that to go by? *A.* Well, I had a memorandum of the amounts I had taken.

×-*Q.* 4589. Well, approximately, as you now recall it, what was the amount that you had to charge off in that time, or alter in that time, that the bank examiner was there, in order to make your balance agree with Mr. Earl's? *A.* Well, at that time, all I had, I

believe, were the large checks I had drawn, the big amounts, and I think it was somewhere between one hundred and seventy and one hundred and eighty thousand dollars.

×-*Q.* 4590. How much? *A.* Between one hundred and seventy and one hundred and eighty thousand dollars.

×-*Q.* 4591. Well, do you mean by "the large checks", the checks you had drawn? *A.* Well, these checks here, these three or four thousand dollar checks; I should call these fairly large checks; I don't know as they are really large, but checks for a pretty good amount.

×-*Q.* 4592. It depends on what your standard of size is. It would seem large to some people. Do you mean to say that at that time you had in mind that you had taken one hundred and seventy to one hundred and eighty thousand dollars? *A.* If I remember correctly — I don't have a distinct memory of what it was at that time.

×-*Q.* 4593. You haven't stated any such figure as that in these different items you have given us in my examination of you, have you? *A.* I have never been asked that question before, to my knowledge.

×-*Q.* 4594. But I have been asking you to give every unlawful taking from the beginning, haven't I? *A.* I have given you every one I have found.

×-*Q.* 4595. You haven't given any such amount as you have testified to now, have you — I mean in answering my questions? *A.* I believe I found — I think I have found about $140,000 for you since you have been cross-examining me.

×-*Q.* 4596. $140,000? *A.* I think about that. I won't be sure.

×-*Q.* 4597. Then you have failed to find thirty or forty thousand dollars of what you say you think you had then taken from the bank? *A.* Evidently I have failed to find it.

×-*Q.* 4598. Now, what were the accounts from which you dropped balances at that time? *A.* I couldn't state. There were a great many of them.

Mr. NAY. December 3d was the examination.

×-*Q.* 4599. Can't you look at your book and tell us? *A.* I

can pick out a great many of them; yes, sir, I believe so, very quickly.

×-*Q.* 4600. State all that you can find. Before you do that, let me ask you how long it took you to make the various alterations and changes which you have testified to? *A.* I started about 12 o'clock, and I believe Mr. Pepper came over to look at my book after the bank closed, somewhere between 2 and 3.

×-*Q.* 4601. It took you about three hours, you think? *A.* About — I shouldn't think it took me all that time, because in that time I proved up checks and deposits, and closed up the book for the day's business in the bank.

×-*Q.* 4602. When you started you knew what was the balance shown on Mr. Earl's book, did you? *A.* I did.

×-*Q.* 4603. And took it off? *A.* Yes, sir.

×-*Q.* 4604. What was Mr. Pepper doing during these three hours? *A.* Oh, he was in the back room, checking up loans and counting cash.

×-*Q.* 4605. In the directors' room? *A.* In the directors' room.

×-*Q.* 4606. Occupied, was he? *A.* Why, I didn't go in to see whether he was occupied or not.

×-*Q.* 4607. You assumed that he was? *A.* I assumed that he was.

×-*Q.* 4608. Was he in that room the whole of the time? *A.* He went out to lunch for about an hour, I believe, about 12 o'clock, or a little after 12 o'clock.

×-*Q.* 4609. You hadn't got to your book at that time? *A.* No, sir.

×-*Q.* 4610. What time in the morning did he come? *A.* He was there when the bank opened at 8 o'clock.

×-*Q.* 4611. At 8? *A.* Yes, sir.

×-*Q.* 4612. And what was the first work that he did there? *A.* Started to count the cash on hand.

×-*Q.* 4613. Where did he do that? *A.* At the teller's desk and in the vault.

×-*Q.* 4614. And you were at your book at that time, — I mean

at your desk? *A.* Why, no; I was checking off the clearing house at that time, probably.

×-*Q.* 4615. Do you remember whether any of your fraudulent checks were in the mail that morning? *A.* It doesn't appear so.

×-*Q.* 4616. Had you had any warning that Mr. Pepper was coming that day? *A.* No, sir.

×-*Q.* 4617. How soon after he arrived did you make up your mind to alter your books? *A.* About noontime.

×-*Q.* 4618. And then you worked for three hours to do it? *A.* Yes, sir.

×-*Q.* 4619. Now, you began — or I had asked you to begin, and I will proceed with that understanding now — to state what depositors' accounts you altered on that day. *A.* I dropped, on page 1, Mabel L. Averill, $100.

×-*Q.* 4620. Where these alterations consist merely in drops, without any checks being charged, you state them simply as drops, do you? *A.* As a drop; yes, sir.

×-*Q.* 4621. Well, I will assume that all of these changes were of the same character, unless you mentioned something different. *A.* Yes, sir.

×-*Q.* 4622. Go on. *A.* Edward A. Baker, the same page, a drop of $1,000. The same date, David A. Barber was dropped $2,000.

Mr. PILLSBURY. You mean personal account, I suppose?

The WITNESS. Personal account. These are all on page 1. Eugene Baratta, the first, was dropped $1,000. Lucy A. Bean was dropped $1,000 —

×-*Q.* 4623. Let me interrupt one moment. All these depositors, until you made these drops, were right, were they? *A.* I couldn't say as to that.

×-*Q.* 4624. Have you any reason to suppose that they were not right? *A.* I presume that most of them were right.

×-*Q.* 4625. If you know of any one that was not right at the time that you made these drops, mention that as you go along. *A.* A. F. Blakeslee, on page 2, was dropped $500. E. O. Boyle was dropped $400. The Brookford Coal Company was dropped

$400. Bryant & Company were dropped $700. The Cambridge Ice Company was dropped $7,000. Andrew Carlson was dropped $1,000. E. A. Carney was dropped $1,000. I believe that E. A. Carney was dropped $1,000 before, so that that would make $2,000 drop on Carney. The estate of George E. Carter, dropped $1,000. M. A. Carpenter, Special, was dropped $2,900. Thomas Charak was dropped $1,000. I raised my balance $300 that day, on November 30th. That would make another taking of $300. Beginning with page 4, E. R. Cogswell's balance was dropped $1,000. George E. Crowell, dropped $2,000. H. Cunningham, Executrix, dropped $400. —

×-*Q.* 4626. You understand that my question to you involves a statement by you of any drop made in any other way than by simply carrying forward the balance column? *A.* Yes, sir.

×-*Q.* 4627. Wherever there is a check, or anything of that kind, charged, I want you to state it. *A.* There were no checks charged at this time, I think.

×-*Q.* 4628. These false entries consisted in carrying the balances forward wrong from one day to the other? *A.* Yes, sir.

×-*Q.* 4629. Well, go on. *A.* J. C. Cunningham, $3,000. Laura L. Davis, $200. George E. Davis, Treasurer, $900. Beginning with E. R. Cogswell's account, I commenced on page 4. I think previous to this, on Ella F. Andrews' account there was a drop of nine or ten thousand dollars, left off the book altogether.

×-*Q.* 4630. What do you say about leaving her account off? *A.* Her account was left off the book altogether, nine or ten thousand dollars,— $9,000, I think it was.

×-*Q.* 4631. Do you mean that her name disappeared from the book? *A.* Yes.

×-*Q.* 4632. When did her name disappear? *A.* I don't know. I haven't it here. I just happened to think of it. You asked me if I knew of any other that had been dropped to mention it.

×-*Q.* 4633. That was some time back, wasn't it? *A.* It was back previous to October 20, anyway.

×-*Q.* 4634. Are you able to find it on that book? *A.* Not on this book; no, sir.

×-*Q.* 4635. Do you mean it was a matter of some months? *A.* No.

×-*Q.* 4636. Who was she? *A.* All I know is that she was Ella F. Andrews.

×-*Q.* 4637. Where did she live? *A.* Watertown, I believe.

×-*Q.* 4638. Had she had this account for a long time in the bank? *A.* No, sir.

×-*Q.* 4639. When did she make the deposit? *A.* I couldn't say.

×-*Q.* 4640. Did she draw checks? *A.* She drew one, I believe.

×-*Q.* 4641. How long would it take you to find that account? *A.* Oh, possibly one minute, and possibly ten.

×-*Q.* 4642. I won't interrupt this now, because you will have a chance before we come in this afternoon to do it. I will go on to something else. But I would like to have you, if possible, between now and our meeting this afternoon, find that account, when it began, and how long it continued, when this drop took place. But you state now, as a matter of memory, that fact, do you? *A.* That is a matter of memory. It just came to me.

×-*Q.* 4643. And what do you give as the exact sum? *A.* I think it was dropped just $9,000 even. I wouldn't be certain of the figures, but about $9,000.

×-*Q.* 4644. Well, I wish you would find the account before we come in this afternoon. But now go on with these. *A.* Starting on page 5 now, on the day the bank examiner was there Mr. Dresser's balance was $19,068.31, and I raised it again $20,000, afterwards, after the bank examiner left.

×-*Q.* 4645. Did you make a drop that day? *A.* Yes, sir.

×-*Q.* 4646. Of how much? *A.* $20,000. That makes his drop on his whole balance about $50,000.

×-*Q.* 4647. How much? *A.* Oh, about $50,000, I should say,— forty or fifty.

×-*Q.* 4648. What was the true balance to which he was entitled? *A.* I couldn't say that. I should imagine his true balance was about fifty or sixty thousand dollars at the time the bank closed.

×-*Q.* 4649. No, you don't understand my question. On this third day of December, before you made these changes in his

account, what was the true amount of his credit? *A.* I couldn't say.

×-*Q.* 4650. Can't you tell from your book? *A.* I can't say the true amount. I can tell you the amount that is credited on the book here.

×-*Q.* 4651. How much is that? *A.* $39,068.31.

×-*Q.* 4652. Have you any reason to assume that that is not the correct balance? *A.* Yes, sir, I have a reason.

×-*Q.* 4653. What is your reason? *A.* I remember its being dropped before.

×-*Q.* 4654. But you haven't told us of any drop as you have gone over this book? *A.* I think we discussed Mr. Dresser's balance a good deal yesterday, a drop of $20,000 and a rise of $20,000. We went all through it, I thought.

×-*Q.* 4655. My memory is that the only drop you testified that you made in Mr. Dresser's balance after November 30, I think it was, was $2,280, or $2,380? *A.* Yes.

×-*Q.* 4656. Did you give any other drop after that? *A.* No.

×-*Q.* 4657. Then, if there were any drops you omitted to state them? *A.* Yes; I didn't notice them.

×-*Q.* 4658. And you do agree with me that that single drop is the only one that you have given, do you not? *A.* I do.

×-*Q.* 4659. Well, if you can find that earlier drop, I wish you would state it. Then the balance as it stood before you made this change on the 3d of December was thirty-nine thousand and some odd dollars, was it? *A.* Yes, sir.

×-*Q.* 4660. What was the actual drop you made on that day? *A.* $20,000.

×-*Q.* 4661. Well, go on now to the next item. Or it is practically 1 o'clock. I wish between now and quarter past two you would look up those two things I asked you about.

Mr. DEAN. Was it Kate Andrews or Ella Andrews that you referred to?

The WITNESS. I beg your pardon. It should be Kate Andrews, Kate A. I made a mistake.

×-*Q.* 4662. Have you found the previous drop in Mr. Dresser's account? *A.* At the close of business November 15, 1909, the

balance to the credit of Edwin Dresser appears on the books as $29,688.31; carried forward at the close of business November 16 as $9,688.31, or a drop of $20,000.

×-*Q.* 4663. Have you also found the Andrews account? *A.* The Andrews account was not opened up until after this date. It was opened up in February, 1910.

×-*Q.* 4664. Then you were wrong in saying that there had been a drop in that account? *A.* I was.

Mr. PILLSBURY. Then that Kate A. Andrews item comes out?

The WITNESS. Yes, sir.

×-*Q.* 4665. Go on, then, with the drops that you made on the 3d of December, and any other alterations or changes that you find in the depositors' accounts.

Mr. NAY. Will you let me see Mr. Dresser's pass book just a moment?

[*A book is passed by Mr. Morse to Mr. Nay.*]

*A.* Harry F. R. Dolan's balance was dropped $650.30. D. W. Ensign's balance was dropped $1,000. J. Frank Facey's balance was dropped $1,000. On page 6, G. W. Gale, agent, dropped $10,000. L. M. Gould, dropped $500. Nancy R. Gould, dropped $600. Ella E. Graves, dropped $600. Horace J. Gray, dropped $600. Page 7, Charles N. James, dropped $100. C. L. Holt's balance was dropped $800, by charging in a check.

×-*Q.* 4666. There is a check charged in that account, is there? *A.* November 29; yes, sir.

×-*Q.* 4667. How do you know that that is not correctly charged, from anything that appears on the books? *A.* Why, I find that the footing of the total check column appears on the book as $5,002.12. The correct addition, with the $800, is $5,802.12.

×-*Q.* 4668. Do you mean that the footing is dropped by the amount of that check? *A.* Just $800; yes, sir.

×-*Q.* 4669. How do you know that the error is not in the footing, rather than in the fact that the check is wrongfully charged? *A.* I remember of doing that in several accounts, and if that is not caused by making a drop in the balance — well, it is either that, or

a new taking of $800, and I am pretty sure that it was not a fresh taking of $800.

×-*Q.* 4670. Have you been aided by any memorandum or account or statement or paper outside of this depositors' ledger? *A.* I have not. And, also, there is not a check of $800 paid on Mr. Earl's book that day.

×-*Q.* 4671. Then you have been aided by referring to Mr. Earl's book? *A.* Not till just now. I glanced at the book.

×-*Q.* 4672. Why did you adopt that method of concealing the fraud in that case, where in other cases you had been following the other course? *A.* In case anybody turned over a page and noticed that drop, they would find a check there to offset the drop.

×-*Q.* 4673. Why didn't you pursue that policy about all the drops, then? *A.* It made the book look very peculiar to have drops on some pages amounting to fifteen or twenty thousand dollars and checks show footing only five or six hundred dollars and have false checks in of fifteen or sixteen thousand dollars — it would look very funny.

×-*Q.* 4674. That is, it would be more difficult to detect the fraud if you followed the course that you took? *A.* Why, in one way; yes.

×-*Q.* 4675. That was the object in making that change, wasn't it? *A.* I think they could detect it either way about as quickly.

×-*Q.* 4676. You were not doing these things for the purpose of having your fraud detected, were you? *A.* I was not.

×-*Q.* 4677. And you pursued one method or the other because you assumed that it would be more difficult to detect the fraud, didn't you? *A.* It might have been impossible to take and cover up the whole shortage in one way.

×-*Q.* 4678. You succeeded in doing it, didn't you? *A.* No, sir, not in one way; I did not.

×-*Q.* 4679. Oh, not in one way. And you followed the different methods — *A.* I did.

×-*Q.* 4680. — in order to make the concealment more certain, didn't you? *A.* I don't know as I did it in order to make the con-

cealment more certain. I did it because I wouldn't have been able to conceal it in either of the other ways alone.

×-*Q.* 4681. Then you did it because you thought you would be more likely to conceal your takings by pursuing these different methods? *A.* Yes, sir.

×-*Q.* 4682. Well, then, go on from that to your next false entry. *A.* I find the same thing to W. R. Hopkins' account,— W. R. Hopkins and J. E. Kimball, Trustees,— a check for $500 charged in and not carried forward in the total balance — carried forward $500 less.

×-*Q.* 4683. How do you know that that check is improperly charged? *A.* In the same way.

×-*Q.* 4684. How do you know that there was no such check drawn? *A.* Why, I come to that conclusion, that is all.

×-*Q.* 4685. From what? *A.* From my own personal memory of how I did it at that time and looking at the book and adding up the column.

×-*Q.* 4686. You don't mean to say that, without referring to any other book, you have a memory today which enables you to tell which accounts you altered by dropping balances, and which accounts you altered by falsely charging checks, do you? *A.* Why, no, not absolutely, but pretty near.

×-*Q.* 4687. You have? *A.* Yes, sir.

×-*Q.* 4688. And it was because you remember that you made that false charge of a check that you have stated that? *A.* Not that particular check, but a false charge of checks.

×-*Q.* 4689. How does that help you to determine that that check was falsely charged? *A.* Well, the footing, the footing of the total check column for November 27, appears on the book as $1,-408.05. With that $500 check it amounted to $1,908.05, or $500 more. It is either a concealment entry, or another taking, and I am sure it was not another taking.

×-*Q.* 4690. Now, Mr. Nay is pushing Mr. Earl's book up under your eye —

Mr. NAY. No, I am not.

×-*Q.* 4691. —and looking at that. Will you tell us what you have to say about it?

Mr. NAY. What date?

Mr. MORSE. December 3d.

Mr. NAY. This is November 27th.

*A.* We have gone back to November 27th. There is no $500 there.

Mr. NAY. The witness looks at December 3.

×-*Q.* 4692. See if I have understood you correctly. When, in fact, did you make the entry of that $500 check? *A.* On the day the bank examiner came; on December 3d.

×-*Q.* 4693. Then I was right, was I not, in my statement a moment ago, that the entry was made on December 3? *A.* Oh, yes, you were correct there.

×-*Q.* 4694. I thought that I was corrected by some remark to the effect that it was November 27, and not December 3.

Mr. PILLSBURY. But it was made that day?

The WITNESS. It was made December 3; yes, sir. I believe the question I am answering now is how I fixed the book for the bank examiner for December 3.

Mr. MORSE. It is.

The WITNESS. That is what I was telling you.

Mr. MORSE. Let me see that.

[*An entry is examined by Mr. Morse.*]

×-*Q.* 4695. How do you know that you made that on December 3? *A.* I have no way of being absolutely sure, only my present recollection of what I did on that day, on December 3, when Mr. Pepper came in the bank, after he arrived in the bank.

×-*Q.* 4696. There is not anything on the book to indicate that it was made on any other date than November 27, is there? *A.* No, sir.

×-*Q.* 4697. It is under date of November 27? *A.* Yes, sir.

×-*Q.* 4698. What is the previous balance? *A.* $513.99.

×-*Q.* 4699. That is under date of what? *A.* That is the balance at the close of business November 26.

×-*Q.* 4700. You mean the $513.99? *A.* Yes, sir.

×-*Q.* 4701. Where do you carry the balance forward from November 29? *A.* $13.99.

×-*Q.* 4702. When did you carry that balance forward? *A.* That balance I concluded was carried forward the day the bank examiner came; I know it was.

×-*Q.* 4703. Why do you know that? *A.* I know.

×-*Q.* 4704. Why do you know? *A.* Because there were no balances carried forward on that book, only those that are changed, until the bank examiner arrived at the bank, for over a week.

×-*Q.* 4705. Were you holding them back with the view of altering the books for the bank examiner's examination? *A.* I did that time; yes, sir.

×-*Q.* 4706. That is the reason you didn't carry them forward? *A.* That is the reason I didn't carry them forward.

×-*Q.* 4707. And then you didn't carry them forward until after you had fixed them as you stated? *A.* I didn't carry them forward until after 12 o'clock that day, and then I altered them and carried them forward.

×-*Q.* 4708. Does that apply to all the accounts, or to only the accounts on which you made the alterations? *A.* That applied to all the accounts I did change.

×-*Q.* 4709. How did you know, when deciding about carrying forward the balances, what accounts to change? *A.* I didn't know.

×-*Q.* 4710. Well, but you then carried forward certain balances, didn't you? *A.* That were changed.

×-*Q.* 4711. That were not changed? *A.* No, sir.

×-*Q.* 4712. Perhaps I don't understand you. You had, say, 500 accounts on your book, didn't you? *A.* About 500.

×-*Q.* 4713. Well, call it 500 for the purpose of my question, though I don't hold you to that. Now, then, when would the balances on your books of November 29 regularly be carried forward? *A.* At the close of business November 29.

×-*Q.* 4714. Well, actually entered, carried forward on your books and entered? *A.* At the close of business November 29; yes, sir.

×-*Q.* 4715. And then when were the balances of December 1 entered? *A.* At the close of business December 1.

×-*Q.* 4716. Wait one moment. There was November 29 and then November 30? *A.* Yes, sir.

×-*Q.* 4717. When would the balances be carried forward from November 29 to November 30? *A.* At the close of business November 30.

×-*Q.* 4718. Were those carried forward? *A.* Those that were changed.

×-*Q.* 4719. Were the balances in general carried forward on November 30? *A.* They were not in this case; no, sir.

×-*Q.* 4720. Still I don't understand you. At what time in the day was it your practice to carry forward the balances from the preceding day? *A.* At the close of business on that day.

×-*Q.* 4721. Do you mean that at the close of business on the 29th you would enter under date of the 30th the balances carried forward? *A.* No, sir; I mean that at the close business on November 29 I carried forward the balance on November 29.

×-*Q.* 4722. When you say "carried forward", don't you mean carried forward from one day to another? *A.* I do.

×-*Q.* 4723. Now my question is, at what time in the day did you enter on the 30th of November, we will say, the balances which were carried forward from the 29th? *A.* At the close of business November 30.

×-*Q.* 4724. And the same way about the 29th? *A.* Yes, sir, at the close of business on the 29th.

×-*Q.* 4725. Now, then, at the close of business on the 30th of November, did you carry forward any balances from the 29th? *A.* Those that were changed.

×-*Q.* 4726. You mean by "those that were changed", those on which there had been deposits or checks on that day? *A.* I do.

×-*Q.* 4727. You don't refer now to accounts which you had changed by altering the figures that you had made? *A.* Only as the checks or deposits were added or subtracted, that is all.

×-*Q.* 4728. I understand. But that was honest? *A.* Yes, sir.

×-*Q.* 4729. Now, then, on the first day of December, did you carry forward the balances of November 30th? *A.* Yes, sir.

×-*Q.* 4730. All of them? *A.* No, sir. You can see all that have been carried forward that day. There are nine on that page.

×-*Q.* 4731. What determined whether you would carry them forward or not? *A.* Whether they had checks or deposits or not.

×-*Q.* 4732. Was that the only thing? *A.* Yes, sir.

×-*Q.* 4733. How often were you in the habit of carrying forward your balances? *A.* Every night, those that were changed.

×-*Q.* 4734. How often were you in the habit of carrying forward all your balances? *A.* Twice a week.

×-*Q.* 4735. On which days? *A.* On Tnursday nights and Monday nights — Tuesday nights.

×-*Q.* 4736. Tuesday night was November 30th? *A.* Yes, sir.

×-*Q.* 4737. And according to your regular practice you would carry forward all the balances on that day, would you? *A.* Yes, sir.

×-*Q.* 4738. But you did not do it? *A.* No, sir.

×-*Q.* 4739. Then you had determined at that time, had you not, to make up your books with reference to the examination by the bank examiner? *A.* I had; yes, sir.

×-*Q.* 4740. And that was the reason you didn't carry forward your balances? *A.* That was the reason.

×-*Q.* 4741. Then when you told me this morning that you had not decided until he came there to make changes in the books to cover up your frauds, you had forgotten the fact? *A.* No, sir; I simply changed my mind that morning after I got in the bank. I made up my mind it was not worth while to bother to go over and change the books, and I didn't touch the book until noontime; I left it just as it was. If he had gone to my book at 9 o'clock in the morning, or 10, or 8, or 11, or half past 11, I didn't touch that book until he went out to lunch at 12 o'clock that day — not put a figure on it.

×-*Q.* 4742. How would he have discovered it if you had not made these changes? *A.* Why, he would have come in the bank, come over to my book, wanted to know why my balances were not carried forward — probably wouldn't have asked — he would have looked back and seen it was not carried forward — that is all there was to it — he would just have glanced, and he could have seen that.

×-*Q.* 4743. It was his habit to see whether the balances were carried forward, wasn't is, on your book? *A.* It was for the day that he entered the book; yes, sir.

×-*Q.* 4744. That was always his practice? *A.* That was his practice.

×-*Q.* 4745. And you knew that if you didn't make the changes substantially as you did make them your frauds would be discovered that day? *A.* I did.

×-*Q.* 4746. In fact — although this rather anticipates my question — in fact, did the bank examiner examine your balances that day? *A.* He did.

×-*Q.* 4747. And they then agreed with Mr. Earl's books? *A.* It is very evident that they did.

×-*Q.* 4748. Now, to go back to the question, and going from this item which you say was entered on the 3d of December, under date of November 27th, state what next change was made in the depositors' accounts. *A.* The Hospital Aid Society is dropped $5,000.

Mr. MORSE. There is one possible misunderstanding, for which the witness is not accountable, which I desire to clear up, and that is that these balances that we have been talking about are the balances which were brought forward from December 2, that is, the balances were made up under the heading of December 2, and these drops that the witness has referred to, although made on December 3, appear, or the results of them appear, in the balances of December 2; am I not right?

The WITNESS. No; these balances appear on December 2, at the close of business December 2, but several of them run back as far as a week previous, say November 24. The drops appear anywhere between the balances of November 24 and December 3.

×-*Q.* 4749. Then you had begun to drop as far back as November 24? *A.* I ran back to that time, so that they wouldn't all appear on turning over the next page.

×-*Q.* 4750. So that the drops don't appear for the first time on one day? *A.* No.

×-*Q.* 4751. Then we have received a wrong impression, I think,

at least I have. I assumed that you have been testifying to drops actually made on the 3d of December. *A.* No; I think the question you asked me was to testify as to how I concealed from the bank examiner on December 3 the amount of the shortage.

Mr. Nay. What concealment entries he made on December 3.

Mr. Morse. I did, and probably it was my own misunderstanding of your answers which led to this confusion. But now I understand that, although these actual drops were made by you during the three hours or so while the bank examiner was there, they were taken out of balances on previous days?

The Witness. Yes, sir; I went back as far as the next folio, November 24.

×-*Q.* 4752. So that, in order to get at the errors, it would be necessary to go back for a week? *A.* One week; yes, sir.

×-*Q.* 4753. And what you mean is that the balances as finally shown under date of December 2 included all the drops which you had made? *A.* Why, yes, they will show all the drops.

×-*Q.* 4754. Up to and including December 3? *A.* Yes, sir; and some of those that had previously been carried forward, of course, as short balances.

×-*Q.* 4755. And we are to understand now that what you are testifying to are drops that you actually made December 3, but you put them under different dates? *A.* Different dates.

×-*Q.* 4756. At any time during the preceding week? *A.* At any time during the preceding week.

×-*Q.* 4757. Very well. I understand that now. Now go on. *A.* Frank A. Kennedy's balance has been carried forward as $12,314.40 — I don't know how long a time, but that was the total shortage in Frank Kennedy's balance up to December 1, 1909.

×-*Q.* 4758. That was the amount it was short? *A.* That is the amount of shortage of Frank A. Kennedy's balance up to December 1, 1909.

×-*Q.* 4759. But you don't know whether all that was taken out by your action of December 3 or not? *A.* No, it was not; I don't think any of that was taken out by my action at that time.

×-*Q.* 4760. And you haven't given us up to this time any — *A.* Why, yes, $9,000 of that was taken out on November 23, 1909.

×-*Q.* 4761. Where is that entry? *A.* There [*pointing*] $10,571.83 to $1,571.83, November 23, 1909; that is a drop of $9,000.

×-*Q.* 4762. I don't see it now. *A.* There is $10,571.83, and there is $1,571.83; that is a drop of $9,000 on that date.

×-*Q.* 4763. Had that drop been made before December 3? *A.* Well, I couldn't say for sure. That has been scratched out. I presume it was made that day.

×-*Q.* 4764. What has been scratched out? What was the first entry there? *A.* I don't know.

×-*Q.* 4765. Do you mean that under the date of November 24 — *A.* November 23.

×-*Q.* 4766. November 23, the balance entry of $1,571.83 is over an erasure? *A.* The "1" is. It has been scratched.

×-*Q.* 4767. So that it is quite possible that it was carried forward correctly, isn't it? *A.* Yes, sir, barely possible.

×-*Q.* 4768. And that you made this change on the 3d of December? *A.* Yes, sir; I think it is possible.

×-*Q.* 4769. And has Kennedy's balance been carried forward from that date — *A.* Not until —

×-*Q.* 4770. December 3d? *A.* Not until November 30th.

×-*Q.* 4771. How was it carried forward then? *A.* A check charged to his account of $1,500; balance carried forward, $71.83.

×-*Q.* 4772. Is that Kennedy there? *A.* Yes, that is Kennedy there, — $1,571.83.

×-*Q.* 4773. Is this Kennedy here? *A.* Yes, sir. There is fifteen hundred dollars —

×-*Q.* 4774. Were those balances carried forward before December 3? *A.* This one, I should say, was carried forward.

Mr. NAY. When you say "this one", you mean which one?

The WITNESS. The November 29 balance. Still I wouldn't be sure whether that was carried forward December 3 or before.

×-*Q.* 4775. Isn't it very probable, taking all those things together, erasures and everything else, that the balances were car-

ried forward on December 3, both to November 29 and to December 3? *A.* Yes, that is possible, too.

×-*Q.* 4776. So that you wouldn't say now that that drop in Mr. Kennedy's account was made until December 3? *A.* I wouldn't say that it was; no, sir.

×-*Q.* 4777. Was that the whole drop, or was there something before, outside of that $9,000? *A.* There is $3,314.40.

×-*Q.* 4778. When was that drop made? *A.* I couldn't say. It was not necessarily a drop; it may have been checks charged in.

×-*Q.* 4779. Have you found, as you have gone over the book with me, any evidence of a check falsely charged, or of a drop in the account, other than those? *A.* Oh, yes, found several.

×-*Q.* 4780. Other than you have stated, I mean. *A.* I haven't other than I have stated; no, sir.

×-*Q.* 4781. Do you think you have stated items accounting for that $3,000 drop? *A.* I couldn't say. I have stated some items; I could say whether they accounted for that or not.

×-*Q.* 4782. Well, how do you know that that amount, in addition to the $9,000, was dropped? *A.* Well, I have a pencil footing above Frank Kennedy's balance on December 1 of $12,386.23, and on the first of every month I sent to Mr. Kennedy his balance.

Mr. Nay. I would like your Honor to see this. Here is a pencil memorandum, "12,386.23" as against Kennedy's account, which is down to $71.83.

×-*Q.* 4783. When did you make that pencil memorandum? *A.* I couldn't say.

×-*Q.* 4784. Did you make it before or after the bank examiner was there? *A.* I don't remember that.

×-*Q.* 4785. You must have made it afterwards, mustn't you? *A.* I don't know whether he was there or not.

×-*Q.* 4786. You wouldn't have been likely to put that pencil memorandum in there after taking the trouble to falsify the accounts? *A.* It doesn't seem so.

×-*Q.* 4787. You don't think you did, do you? *A.* It doesn't seem as if I would leave it in there, but still I don't know.

Mr. Pillsbury. What is that memorandum?

Mr. MORSE. That is the memorandum of the true balance of Frank A. Kennedy at that time, — the true balance that he should have had at that time.

×-*Q.* 4788. Where did you get that from? *A.* Well, either from some memorandum, or what I had carried in my head as to what his shortage was.

×-*Q.* 4789. Well, with all the other things that you had to carry, you didn't carry that, did you? *A.* Carry what?

×-*Q.* 4790. Carry in your head Kennedy's account? *A.* Well, I don't remember. It was either one of the two.

×-*Q.* 4791. I won't ask you to stop any longer on this Kennedy account if you don't find anything.

Mr. PILLSBURY. What do I understand is the amount that that account was actually changed on the 3d of December?

Mr. MORSE. $9,000.

Mr. NAY. No, no.

Mr. MORSE. Why, yes, it was. He changed it under a previous date, under the date of November 27, but the actual change was made on the 3d of December, and what he says is that there had been a drop of a check improperly charged in some way of three thousand three hundred and some odd dollars besides.

Mr. PILLSBURY. But it was changed on the 3d to the amount of $9,000 additional?

Mr. MORSE. Yes; and this pencil memorandum, under date of December 3, shows, he says, what the true balance was. What I asked him to do was to try to find out where he got that information. He has not been able to do so, but I will not ask him to take any more time on that now.

×-*Q.* 4792. Go on, if you will, with the next change you made in the depositors' account. *A.* J. E. Kimball, Treasurer, dropped $3,000.

×-*Q.* 4793. In the balance of what day does that appear? *A.* November 23. Do you want me to give all the dates?

×-*Q.* 4794. I shall be glad to have you give in each case the date on which the drop of the balance appears. *A.* $1,000 to Joseph Lipsez on November 23; it appears on November 23; E.

R. Luke Company, a drop of $1,000, appearing on the 23d; J. F. Lane, Executor, $1,000, appearing on the 29th; on page 9, W. J. McCoy, a drop of $3,000, appearing on the 29th; H. E. McGoldrich & Sons Company, a drop of $4,000 on the 29th; J. Frank Facey, Secretary and Treasurer, a drop of $1,000, appearing on the 29th. The account of W. H. D. Weir is dropped altogether $1,000.

Mr. DEAN. What date is that?

The WITNESS. That does not show any balance after the close of business November 23.

×-*Q.* 4795. But it is carried forward to the 3d of December? *A.* No, sir; the account is dropped altogether. Charles P. Orne, Administrator, dropped $500, appearing on the 30th; G. A. A. Pevey, on page 10, dropped $1,000, appearing on November 29; G. A. A. Pevey, Trustee for A. A. Prescott, a drop of $1,000, appearing on November 29; G. A. A. Pevey, Attorney, a drop of $1,000, shown on November 29; G. A. A. Pevey, Trustee for Storey, a drop of $2,000, on the 29th; G. A. A. Pevey, Administrator of the Estate of Marshall, a drop of $1,000, appearing on the 29th; Nellie May Preston's account dropped $2,500, appearing on the 29th; Prudential Insurance Company dropped $2,000, appearing on November 29th; the Samuel Sanders Estate has been carried forward with a drop of $10,000, I don't know how long.

×-*Q.* 4796. Do you say that that was a drop made on the 3d of December? *A.* I should say not.

×-*Q.* 4797. Are you able to state when it was made? *A.* No, sir.

×-*Q.* 4798. How do you know that there had been a drop?

Mr. NAY. How do you know how much there had been dropped, do you say?

Mr. MORSE. That there had been a drop.

*A.* I see where it has been eradicated, so to speak. Here is where the ink eradicator has been used. You see it takes off the lines.

Mr. NAY. You see that has eaten off a bit of the blue line on the 28th of November.

Mr. MORSE. Is that it?

The WITNESS. Yes. It goes back to October 26.

×-*Q.* 4799. Well, when did you make these erasures or changes, — take, for instance, the one that you called attention to, under date of November 22. *A.* I think probably it was made the third day of December.

×-*Q.* 4800. Then on the third day of December you went back and made erasures and alterations in that account running back to October, did you? *A.* Yes, sir.

×-*Q.* 4801. But the drop, the actual drop, was made on the 3d of December? *A.* I think so. I should say so from looking at the book.

×-*Q.* 4802. It is clear that it must have been so, isn't it, because you find the evidence of the ink eradicator under date of November 23, don't you? *A.* Yes, sir.

×-*Q.* 4803. And you find it on preceding dates, don't you? *A.* Down to October 26.

×-*Q.* 4804. How many erasures and changes did you have to make then on that one account? *A.* I should say fourteen.

×-*Q.* 4805. How long did it take you to do that? *A.* A couple of minutes.

×-*Q.* 4806. How many? *A.* A couple of minutes.

×-*Q.* 4807. A couple of minutes to erase fourteen different pages —

Mr. NAY. He didn't say that. He said fourteen erasures, Mr. Morse.

The WITNESS. Fourteen different changes, not on fourteen different pages.

×-*Q.* 4808. How many different pages are there? *A.* Four changes on one page.

Mr. NAY. Do you mean fourteen pages?

The WITNESS. Fourteen different changes.

×-*Q.* 4809. I understand that to accomplish what you did in that account and carry back an apparent drop, or a real drop, in the apparent balance in that account in October, you had to use the ink eradicator fourteen different times? *A.* Yes, sir.

×-*Q.* 4810. And you did that, and made the new entries in place of the entries erased, all in two minutes? *A.* I didn't need to make a new entry if I simply dropped off that one. I didn't need to make a new entry. The balance was eleven thousand and something, and I simply took off one of the ones, and left it one thousand. It was not necessary to make a new entry.

×-*Q.* 4811. Well, you did all that in two minutes, did you? *A.* Yes, sir. I should call that pretty slow time to make fourteen changes with an ink eradicator.

×-*Q.* 4812. And the bank director was in the next room all the time? *A.* The bank examiner?

×-*Q.* 4813. The bank examiner, I should say. *A.* Yes, sir.

×-*Q.* 4814. What was this ink eradicator? *A.* I don't know what it is. It is something that is put out on the market. You see it in most every office and bank that I ever was in.

×-*Q.* 4815. Is it a fluid? *A.* It is a fluid; yes, sir.

×-*Q.* 4816. How is that applied? *A.* It is applied with — well, I don't know what you would call it; it has got a rubber stopper, with a glass in it, and you simply take and get a drop of this and rub it on your page, and take a blotter and blot it, and it is all gone.

×-*Q.* 4817. You were very quick in the use of it? *A.* Oh, I don't think so; no. It takes only just a minute; you just take the end of the glass in the rubber stopper and rub it over the figure, and then put a blotter on it, and it is all gone.

×-*Q.* 4818. And at this time when you made these fourteen changes you were cool? *A.* I don't remember as to that.

×-*Q.* 4819. Well, were you under any excitement or not? *A.* I don't think I was very cool that morning.

×-*Q.* 4820. What? *A.* I don't think I felt very cool that morning.

×-*Q.* 4821. Well, do you remember about that? *A.* I certainly do.

×-*Q.* 4822. You appeared cool, didn't you? *A.* I don't know as to my appearance.

×-*Q.* 4823. How large was this bottle? *A.* Oh, probably two inches high; in a square bottle, probably a square inch on the bottom.

×-*Q.* 4824. Did you always do it at your desk? *A.* Always.

×-*Q.* 4825. Did anybody else have one of those in the bank? *A.* They all used that when they wanted to use it.

×-*Q.* 4826. They always used yours, you mean? *A.* It was not mine; it was the National City Bank's.

×-*Q.* 4827. But it was kept on your desk, the bottle was, and they all used it? *A.* Yes, sir.

×-*Q.* 4828. There was none kept on the other desks? *A.* Mine might have happened to be over on the other desks.

×-*Q.* 4829. But there was one bottle at the bank? *A.* That is all.

×-*Q.* 4830. And it was usually kept on your desk? *A.* Yes, sir.

×-*Q.* 4831. Used more there, I take it, than anywhere else? *A.* Yes, sir.

×-*Q.* 4832. Why did you go back to October in this particular account? *A.* The bank examiners had a habit of looking over estate accounts if they ran for any great amount of deposits; they would go over the savings banks accounts, call for a statement from the savings banks, and city accounts, town accounts, county accounts, trustee accounts, or estate accounts — trustee accounts, you might call them; they had a habit of going over them, and writing for a statement of those accounts; and so I concluded that it was best to change it back some distance; I believe I changed that account back as far as the book went at that time.

×-*Q.* 4833. Well, do you mean that it was their habit to write to the depositors of those accounts before they made the examination, or afterwards? *A.* After they made the examination.

×-*Q.* 4834. Well, if you changed the account, and made the balances wrong for three months, and they did write for a statement of the account, if they thought the account in error at any time in the three months— *A.* No, sir; but you see the Sanders Estate only appeared at that time as $1,000, so they probably didn't bother to write about that.

×-*Q.* 4835. Oh, you mean where it appeared like a large account? *A.* Appeared like a large account.

×-*Q.* 4836. And so you cut that down so that it wouldn't appear to be an account worth investigating? *A.* I did.

×-*Q.* 4837. And the bank examiner was in the habit, then, of

going back over a considerable period to look at the accounts? *A.* It was not his habit, but he was liable to.

×-*Q.* 4838. And in order to meet that chance, you thought that it was desirable to make those changes for three months? *A.* I did make them — not for three months — six weeks.

×-*Q.* 4839. How did you know that the bank examiner wrote to these different concerns or trustees or institutions? *A.* Why, I don't know how I knew it, but I did know that it was so.

×-*Q.* 4840. You knew it at that time? *A.* I knew it at that time.

×-*Q.* 4841. And it was his practice? *A.* It was his practice.

×-*Q.* 4842. Was it the practice of all the bank examiners? *A.* It was.

×-*Q.* 4843. Then they did undertake to check up your accounts by comparing your balances with those that were reported to them by the depositors, did they? *A.* Only with savings banks accounts, city accounts, town and county treasurers' and trustees' accounts — only when they were large.

×-*Q.* 4844. I understand it was not their practice to look them all up, but I understand you to say that accounts of that class, if there were considerable balances on your books, it was their practice to write to the persons or authorities to ascertain what their balances were? *A.* I know they did do it; I don't know whether it was their practice or not.

×-*Q.* 4845. And it was their practice to do it? *A.* I couldn't say as to that.

×-*Q.* 4846. How long had you known that they were in the habit of doing it? *A.* I couldn't say. The reason I knew it was that they used to come in, after the bank examiners had been there, with their bank books to get their books balanced as of the date when the bank examiner had been there, so that they could send him an attested copy at the close of business on that certain date.

×-*Q.* 4847. Did they come in after the bank examiner had been there? *A.* Yes, sir.

×-*Q.* 4848. The day after he had been there? *A.* Yes, sir; or soon after.

×-*Q.* 4849. How would they know that he had been there? *A.* The bank examiner would notify them after he had been at the bank.

×-*Q.* 4850. I see. And it was because you knew that it was the practice of the bank examiner to write for such accounts that you intended to carry back the changes in the balances of such accounts to such a point as that it would probably cover the entire period that he would be likely to cover in asking for the balances? *A.* As a matter of fact, I never touched any of those accounts except the Sanders Estate. I never touched the savings banks accounts, or the city account, never; they always appeared correct every time on the books.

×-*Q.* 4851. Then you had no occasion to change those? *A.* No, sir.

×-*Q.* 4852. Those were right on your books? *A.* Absolutely.

×-*Q.* 4853. And this one was wrong? *A.* Yes, sir.

×-*Q.* 4854. And you carried this one back six weeks because — *A.* October 26 to December 3 —

×-*Q.* 4855. Well, carried it back that period, because that book ran back only to that point? *A.* Yes, sir.

×-*Q.* 4856. And the bank examiner naturally wouldn't ask to look at a preceding book. *A.* I didn't think so. Of course I didn't know.

×-*Q.* 4857. You took your chance? *A.* I took my chance.

×-*Q.* 4858. Well, now, go on with the next instance of dropping from a depositor's balance? *A.* James Robinson's balance is dropped $1,000. That appears on November 29.

Mr. PILLSBURY. Are you still on page 9?

The WITNESS. Page 11.

Mr. PILLSBURY. And where did that begin? I didn't get it.

Mr. BUNKER. The Sanders Estate.

The WITNESS. Lucy J. Russell's balance dropped $1,000, as appears on November 29. The Standard Action Company dropped $20,000, appearing on November 23. Standard Diary Company dropped $30,000, appearing the same day, November 23. Charles H. Smith dropped $3,000, appearing November 29. Martha C.

Smith dropped $2,000, appearing November 29. V. R. Stilwell dropped $2,000, appearing November 27. F. C. Stratton, special account, is carried forward something over $1,000 short here right along,— I don't know how long.

×-*Q.* 4859. Did you make any drop on the 3d of December? *A.* On Stratton?

×-*Q.* 4860. Yes. *A.* No, sir.

×-*Q.* 4861. You did not? *A.* No, sir.

×-*Q.* 4862. How did you know that the account had been short some time? *A.* Memory.

×-*Q.* 4863. Simply from memory? *A.* Yes, sir.

×-*Q.* 4864. You haven't given us any instance as you have gone through the book, have you? *A.* I don't remember whether I have or not. I think that mostly it is checks charged that don't belong to that account.

×-*Q.* 4865. Perhaps later I shall come back to that, but up to the present time you have given no reference to checks dropped in that account. *A.* I know there were no checks drawn on the F. C. Stratton special account all the time I was in the bank; no legitimate checks.

Mr. Nay. I think that he did testify to that; not on your cross-examination, but on our direct examination.

Mr. Morse. Is there a balance to his credit on this date?

The Witness. Oh, yes; $343.83.

×-*Q.* 4866. $343.83? *A.* Yes, sir.

×-*Q.* 4867. You have given no reference in passing to any page on which there had been a drop in that account, or a charge improperly made to it, have you? *A.* I don't remember.

×-*Q.* 4868. How many more items are there in this drop of December 3? *A.* Oh, I should say there were not over a dozen.

Mr. Nay. If you will look in the record at page 579 you will see the testimony about Stratton.

×-*Q.* 4869. You had not finished yesterday your statement of the balances that were dropped on the depositors' accounts on the 3d of December, had you? *A.* No, sir.

×-*Q.* 4870. Won't you proceed now with the next drop? Have

you found the next drop? *A.* No, sir. A. C. R. Stubbs, a drop of $1,000, on November 27, 1909.

×-*Q.* 4871. The next? *A.* E. E. Wetherbee, a drop of $700, on November 29. R. Wetherbee, a drop of $600, on November 29. Elizabeth Wilkins, a drop of $700, on November 29. That is all I find in those entries on that date.

×-*Q.* 4872. Have you made a memorandum as you have gone along of the amount of these different drops? *A.* I have.

×-*Q.* 4873. What do you foot them up to be? *A.* $148,[illegible].30.

×-*Q.* 4874. Will you call off, without giving any details otherwise, the amounts which you have included? *A.* I didn't take down the amounts that had already been dropped out of the balances before that date. I took out only the amounts that were dropped on that day.

×-*Q.* 4875. Did you assume that these drops made on the 3d of December covered the entire amount of your takings? *A.* Those that were dropped then and previously; yes.

×-*Q.* 4876. When you were preparing on the 3d of December for the bank examiner, you intended that there should be no difference between the balances on your book and the balances on the cashier's book? *A.* Yes, sir.

×-*Q.* 4877. And, in order to do that, you had to charge off to various accounts all that had previously appeared in the drop of balances, hadn't you? *A.* Yes, sir.

×-*Q.* 4878. Now, did you have in mind at that time how much had been previously charged off to individual accounts? *A.* I can't say as to that.

×-*Q.* 4879. Have you given, in your testimony yesterday and today, all the additional drops on individual accounts? *A.* All that I have found; yes, sir.

×-*Q.* 4880. Well, I want to know what additions you make to this one hundred and forty-eight thousand, or did make at that time. Can you give me a memorandum of those? *A.* Why, no; I didn't keep a memorandum of those.

×-*Q.* 4881. Can't you state what they were? Did you have at

that time any memorandum of the previous drops from individual depositors' accounts? *A.* I believe I did.

×-*Q.* 4882. Can you state approximately what the amount of them was? *A.* No, sir; I cannot.

×-*Q.* 4883. Have you any means of stating it? *A.* No, sir.

×-*Q.* 4884. Well, read off now the figures in the column which you have footed up, making one hundred and forty-eight thousand, or whatever that figure was,— read the figures in their order, without anything else.

| | | |
|---|---|---|
| *A.* $100 | $700 | $2,000 |
| 1,000 | 7,000 | 400 |
| 2,000 | 1,000 | 3,000 |
| 1,000 | 1,000 | 200 |
| 1,000 | 1,000 | 900 |
| 500 | 2,900 | 900 |
| 400 | 1,000 | 650.30 |
| 400 | 1,000 | |

Mr. DEAN. There is $20,000,— Dresser.

The WITNESS. I haven't that. I didn't take that into the computation.

Mr. MORSE. That was that previous drop, wasn't it, that $20,000.

Mr. DEAN. No; he said he dropped it that day.

The WITNESS. Well, I will put that down.

Mr. MORSE. It was dropped that day, but put under an earlier date, wasn't it? You carried that back some distance, didn't you?

The WITNESS. Yes, sir.

Mr. MORSE. Very well; add the $20,000.

| | | |
|---|---|---|
| The WITNESS. $650.30 | $6,000 | $8,000 |
| 1,000 | 6,000 | 500 |
| 1,000 | 6,000 | 5,000 |
| 10,000 | 1,000 | 3,000 |
| 5,000 | | |

Mr. DEAN. $9,000, Kennedy; you said you dropped $9,000 that day, and $3,314 previously.

The WITNESS. I gave the total difference on Kennedy's account, but I gave the amount $9,000 dropped on that day.

×-*Q.* 4885. Now, you have figured it only five, you say? *A.* No, I did not; I left it out altogether.

Mr. DEAN. Then we agree.

The WITNESS. $177,500.30.

Mr. DEAN. $177,750.30.

The WITNESS.

| | | |
|---|---|---|
| $3,000 | $3,000 | $1,000 |
| 1,000 | 4,000 | 500 |
| 1,000 | 1,000 | 2,500 |
| 1,000 | | |

Mr. DEAN. A lot of Pevey's there.

The WITNESS. Three $1,000.

| | | |
|---|---|---|
| $2,000 | $1,000 | $2,000 |
| 1,000 | 20,000 | 1,000 |
| 2,500 | 30,000 | 700 |
| 2,000 | 3,000 | 600 |
| 10,000 | 2,000 | 700 |
| 1,000 | | |

×-*Q.* 4886. That footing is what? *A.* $177,500.30.

Mr. DEAN. Do you make it $177,750.30, Mr. Bunker?

Mr. BUNKER. Yes, $177,750.30.

Mr. MORSE. Can't you find out where your mistake is?

The WITNESS. I presume I am in error. It is $177,750.30.

Mr. MORSE. Very well. Then we agree. And you were in error before.

The WITNESS. I was.

×-*Q.* 4887. Well, Mr. Coleman, that, as I understand, is the total amount which on the 3d of December you had dropped from these different accounts? *A.* Yes, sir.

×-*Q.* 4888. But you say you had previously dropped some additional sums? *A.* Yes, sir.

×-*Q.* 4889. Which should be added to represent the entire amount of your takings to that date? *A.* Yes, sir.

×-*Q.* 4890. You are not able, you say, to give those additional sums? *A.* Not fully.

×-*Q.* 4891. You have given some, haven't you? *A.* Yes, sir.

×-*Q.* 4892. And intended to give them all? *A.* Yes, sir.

×-*Q.* 4893. And, so far as you know, you have given them all? *A.* I shouldn't say that I had given them all; no, sir.

×-*Q.* 4894. What? *A.* I shouldn't say that I had given them all.

×-*Q.* 4895. Why not? *A.* Because it would take a good deal of time to find them, and I haven't been able to go over the books thoroughly.

×-*Q.* 4896. You have had all the time that you wished to go over the books, haven't you? *A.* Not all the time necessary to pick out all the errors; no, sir.

×-*Q.* 4897. But you have been asked by me to follow chronologically through the book, have you not? *A.* I have, and I have done so.

×-*Q.* 4898. And you have taken such time as you desired to take to do it? *A.* Yes, sir.

×-*Q.* 4899. And you have given all that you have found? *A.* All that I have found.

×-*Q.* 4900. Now, do you know what that amount is? *A.* No, sir; I couldn't state that.

×-*Q.* 4901. Let me ask whether these four are not all the additional drops in depositors' accounts which you had made since the last time when you got your books in shape for the bank examiner, to wit: Carney, $1,000; Dresser, $14,000, approximately; Kennedy, $3,314.40; Stratton, $1,000; making a total of $19,314.40? Do not those four represent all the additional drops which you had made since the previous time when you were getting ready for the coming of the bank examiner? *A.* I haven't got a copy of what I have found. I presume that is correct.

×-*Q.* 4902. You don't now recall any others? *A.* No, sir.

×-*Q.* 4903. Either that you have given, or that you actually made during that time? *A.* I have found no others.

×-*Q.* 4904. If those figures are right, adding $19,314.40 to the $177,750.30 would make your total stealings to that date $197,-064.70? *A.* Yes, sir.

×-*Q.* 4905. And, so far as you now know, that covered the entire amount, did it not? *A.* That is all I have found.

×-*Q.* 4906. And all that you now recall? *A.* Yes, sir.

×-*Q.* 4907. You had in your hand, or at your control at that time, the figures on some memorandum which enabled you to know when you had made this drop of $177,750.30—on that day you had then brought your book in shape for the bank examiner? *A.* Yes, sir.

×-*Q.* 4908. And all that you did in those three hours? *A.* Yes, sir.

Mr. NAY. What time did the bank close?

The WITNESS. Two o'clock at that time; some time after 2 o'clock.

×-*Q.* 4909. What was the time during which you were doing this work? *A.* Between 12 and the time he came back to the bank.

×-*Q.* 4910. Two and a half hours, is it, then? *A.* Yes, sir; something over two hours; between two and three hours.

×-*Q.* 4911. And during that time did the bank examiner come out into your room? *A.* Yes, sir.

×-*Q.* 4912. Did he look at your book? *A.* No, sir.

×-*Q.* 4913. What was he doing there during that time? *A.* Came out to ask questions.

×-*Q.* 4914. The ordinary business of the bank was going on at that time? *A.* It was.

×-*Q.* 4915. And you were attending to that? *A.* Yes, sir.

×-*Q.* 4916. Making the entries on your depositors' ledger? *A.* I entered the clearing house; yes, sir; and the checks and the deposits.

×-*Q.* 4917. The bank examiner was coming out from time to time, making inquiries? *A.* Yes, sir.

×-*Q.* 4918. Of you? *A.* No, sir.

×-*Q.* 4919. Of whom? *A.* Mr. Earl.

×-*Q.* 4920. Did he speak to you during that time? *A.* I don't remember that he did.

×-*Q.* 4921. You had to keep an eye on him, of course, to see that he didn't come to you or see what you were doing? *A.* I don't think I did.

×-*Q.* 4922. Didn't you take any pains to prevent his seeing what you were doing? *A.* No, sir.

×-*Q.* 4923. You didn't want him to see it, did you? *A.* Why, I felt as if I didn't care.

×-*Q.* 4924. Do you mean that? *A.* I do.

×-*Q.* 4925. And yet you were working as hard as you could to cover up your frauds? *A.* Not during the morning; no, sir.

×-*Q.* 4926. I mean during the time you were making these changes? *A.* He was out to lunch part of the time.

×-*Q.* 4927. He didn't go out to lunch until 2 o'clock, did he? *A.* The bank examiner?

×-*Q.* 4928. Yes. *A.* He went at 12.

×-*Q.* 4929. What time did he return? *A.* I don't know.

×-*Q.* 4930. How long was he gone? *A.* I should say about an hour.

×-*Q.* 4931. During the time he was there, while you were doing this work, you were then taking precautions to see that he didn't find out what you were doing, were you? *A.* There was no precaution I could take. He had the privilege of coming over there and looking at the books if he wanted to.

×-*Q.* 4932. Of course he had; but you didn't intend that he should find out what you were doing if you could help it, did you? *A.* At that time I was doing all that I could to get it fixed up.

×-*Q.* 4933. As the result of what you did? *A.* Of course.

×-*Q.* 4934. The balance of deposits on your book agreed with the balance on Mr. Earl's book, did it? *A.* Yes, sir.

×-*Q.* 4935. That is, the total deposits in the bank? *A.* Yes, sir.

×-*Q.* 4936. And these drops that you had made in individual depositors' accounts you had carried back to different dates, had you not, as you have testified? *A.* Yes, sir.

×-*Q.* 4937. And those figures were not examined by the bank examiner, I suppose? *A.* No, sir.

×-*Q.* 4938. The footings of the columns on December 2 and 3 are all in pencil, are they not? *A.* Yes, sir.

×-*Q.* 4939. Have you now stated all that you recollect that occurred at that time before the bank examiner left? *A.* Yes, sir.

×-*Q.* 4940. He came over to your desk and looked at your book, did he not? *A.* He did.

×-*Q.* 4941. What did he look at on your book? *A.* I presume he was adding up the balance columns on the individual pages.

×-*Q.* 4942. Were you there at the time he was looking at the book? *A.* I was in the bank; yes, sir.

×-*Q.* 4943. No; I mean standing at the desk? *A.* No, sir.

×-*Q.* 4944. How long was he at your desk? *A.* I shouldn't say over twenty minutes.

×-*Q.* 4945. He was at your desk twenty minutes, was he? *A.* Yes, sir.

×-*Q.* 4946. Well, what was he doing during that time? *A.* Well, as I stated, I supposed he was adding up the balance column.

×-*Q.* 4947. Do you mean of that day, or of that day and of previous days? *A.* I presume of that day, I should say, though I don't know.

×-*Q.* 4948. Did it take him twenty minutes to do that? *A.* He was there about twenty minutes.

×-*Q.* 4949. Then he did have your book under examination for twenty minutes? *A.* Yes, sir.

×-*Q.* 4950. Did you see him turn the pages? *A.* No, sir — yes, I saw him turn the pages; yes.

×-*Q.* 4951. Did you see him make any figures, or appear to be making figures? *A.* No, sir.

×-*Q.* 4952. But you assumed he was going over some accounts there with a view of ascertaining the correctness of your figures? *A.* Yes, sir.

×-*Q.* 4953. Did he have any paper or memorandum with him when he was looking at your book? *A.* None that I remember of.

×-*Q.* 4954. He had already examined Mr. Earl's book, hadn't he? *A.* Yes, sir.

×-*Q.* 4955. Did he have a printed form, or any kind of a form, on which he made memoranda or figures? *A.* He had such a form; yes, sir.

×-*Q.* 4956. Did he have it with him that day? *A.* I don't know. I presume he did.

×-*Q.* 4957. What was the nature of it? *A.* I don't know; I never saw it.

×-*Q.* 4958. Did you ever see it? *A.* I never saw what it was — yes, I have seen it.

×-*Q.* 4959. I mean see it to read it. *A.* No, sir; I don't think I have.

×-*Q.* 4960. Well, he had finished everything else in the bank before he came to your book? *A.* He had.

×-*Q.* 4961. And he then spent twenty minutes over your book? *A.* About twenty minutes.

×-*Q.* 4962. And after that he left the bank? *A.* Well, soon afterwards.

×-*Q.* 4963. What, if anything, did he do after he had examined your book? *A.* I believe he and Mr. Earl and Mr. Dresser were talking in the directors' room there for a few minutes.

×-*Q.* 4964. And then he left? *A.* He did.

×-*Q.* 4965. What time did he leave? *A.* I don't know that I remember. I should say possibly half-past three.

×-*Q.* 4966. Did you see or hear anything from him as to his report after that? *A.* No, sir.

×-*Q.* 4967. And you never saw him again, I suppose? *A.* No, sir — oh, yes, I saw him after that; yes, sir.

×-*Q.* 4968. Where did you see him? *A.* I saw him up at the District Attorney's office, down in the post-office building.

×-*Q.* 4969. That was after the failure of the bank? *A.* Yes, sir.

×-*Q.* 4970. Did you hear anything said by the bank examiner that day to Mr. Dresser? *A.* Why, nothing that I recall.

×-*Q.* 4971. Did you hear him tell Mr. Dresser that he could give him a clean bill of health? *A.* I don't remember of hearing him say that.

×-*Q.* 4972. Didn't you hear him say something to that effect? *A.* I have heard him make statements; yes; but I don't know that I can recall what they were.

×-*Q.* 4973. What were the statements, as nearly as you can state them? *A.* I can't say that I could repeat them or recall —

×-*Q.* 4974. I don't expect you to repeat them exactly. *A.* I can only recall that I overheard him saying things.

×-*Q.* 4975. That is what I want. *A.* I can't recall anything.

×-*Q.* 4976. Didn't he make a statement in your hearing that day to the effect that he had found the bank all right? *A.* I had heard that statement made before, but I don't recall that I heard him say so then.

×-*Q.* 4977. But you did hear him make some statement, didn't you? *A.* I heard him talking, but I couldn't recall what he said.

×-*Q.* 4978. He was talking about the bank, wasn't he? I couldn't say as to that.

×-*Q.* 4979. Didn't you hear him in some form express his satisfaction with the condition of the bank? *A.* Not that I recall.

×-*Q.* 4980. You were very anxious yourself to know what he found as the condition of the bank that day, weren't you? *A.* I don't know as I was anxious about the condition of the bank. I was pretty anxious about the condition of my book that day.

×-*Q.* 4981. You had stolen, according to your statement, some two hundred thousand dollars, and you had been fixing up your books so that the bank examiner wouldn't find it out, hadn't you? *A.* I had.

×-*Q.* 4982. And the bank examiner had been there that day, and after having looked at your book for twenty minutes, in connection with the other work that he did at the bank, he had talks with Mr. Dresser and with Mr. Earl. Now, do you mean to say that you were not anxious to know whether he was saying anything to the discredit of your book, or the accounts, or the condition of the bank, or not? *A.* I can't say I was not anxious to know, because I was.

×-*Q.* 4983. You were anxious to know? *A.* I certainly was.

×-*Q.* 4984. And if you were anxious to know, and you heard them talking, do you mean to say that you didn't hear in substance what he said? *A.* I did not.

×-*Q.* 4985. You heard nothing that he said? *A.* I did not; nothing that I recall.

×-*Q.* 4986. Did you form an opinion at that time as to whether

he had expressed approval of the condition of things, or whether he had found out your frauds? I want to know whether at that time you were not satisfied that the examiner had said something to the president and the cashier expressive of satisfaction with the condition of the bank. *A.* No, sir; I was not satisfied that night.

×-*Q.* 4987. Did you become satisfied after that night? *A.* Why, I did in the course of two or three days.

×-*Q.* 4988. Did you make any inquiry of Mr. Paul as to what the bank examiner had said? *A.* No, sir.

×-*Q.* 4989. Or of Mr. Dresser? *A.* No, sir.

×-*Q.* 4990. Did they say anything to you as to what the bank examiner had said? *A.* Not that I recall.

×-*Q.* 4991. Had you no curiosity on the subject, to know what the bank examiner had said? *A.* I had lots of curiosity; yes, sir.

×-*Q.* 4992. Why didn't you ask Mr. Earl? *A.* Well, it doesn't always pay to ask questions.

×-*Q.* 4993. What? *A.* It doesn't always pay to ask questions.

×-*Q.* 4994. Did Mr. Pepper speak to you that day? *A.* Yes, sir.

×-*Q.* 4995. When, and what did he say? *A.* I believe he said "Good morning" when he came through the room.

×-*Q.* 4996. Are you sure of that? *A.* Why, I am not positive; no, sir.

×-*Q.* 4997. Well, can you state anything else he said? *A.* Why, I can't recall, but I should think he asked about the usual run of questions.

×-*Q.* 4998. What do you mean by that? *A.* "Do you pay interest on deposits?" "And what amounts do you pay interest on?" "And what is your highest per cent of interest that you allow?" "About how many accounts have you got?" "How many active accounts?" "How many inactive?" That is about all.

×-*Q.* 4999. And you answered those questions? *A.* I believe so. I don't recall.

[No cross-interrogatory numbered 5000.]

×-*Q.* 5001. At what stage of his examination did he put those questions? *A.* Why, it might have been either before or after the examination.

×-*Q.* 5002. Well, do you mean before or after the examination of your book? *A.* Yes, sir.

×-*Q.* 5003. Did he say anything else to you? *A.* I don't recall his saying that. He always had said it, and I presume he said it that day.

×-*Q.* 5004. Did he say anything to you about your own book? *A.* No, sir.

×-*Q.* 5005. Are you sure? *A.* Nothing that I recall.

×-*Q.* 5006. Did he express any satisfaction or dissatisfaction with it? *A.* No, sir.

×-*Q.* 5007. Did he say whether he found any mistake in it? *A.* Well, he wouldn't tell me that if he had.

×-*Q.* 5008. That I didn't ask you, but did he say at that time that he had found any mistake in the book? *A.* Not to me.

×-*Q.* 5009. Did he to anyone? *A.* I don't know.

×-*Q.* 5010. Did you ask him? *A.* I did not.

×-*Q.* 5011. In any form of words did you inquire of him as to whether he found your books all right? *A.* No, sir.

×-*Q.* 5012. That was the vital thing with you on that day, wasn't it? *A.* It was.

×-*Q.* 5013. You had opportunity to find out what his opinion was that day, hadn't you? *A.* I could have asked him; yes, sir.

×-*Q.* 5014. What? *A.* I could have asked him; yes, sir.

×-*Q.* 5015. But without asking him you could have found out if he had had these conversations with Mr. Dresser and Mr. Earl? *A.* By asking them; yes, sir.

×-*Q.* 5016. Or by overhearing the conversations? *A.* Yes, I could by overhearing the conversations if I had had a mind to go up and listen.

×-*Q.* 5017. And you did overhear them to some extent, didn't you? *A.* Yes, sir; I could hear them talking.

×-*Q.* 5018. Was the door open between the directors' room and yours? *A.* Yes, sir.

×-*Q.* 5019. And you heard them talking? *A.* I did.

×-*Q.* 5020. You had opportunity then to know whether he was expressing an opinion as to the condition of the bank? *A.* I did.

×-*Q.* 5021. Why didn't you avail yourself of it? *A.* I didn't wish to.

×-*Q.* 5022. What? *A.* I didn't wish to do it in that way.

×-*Q.* 5023. Why not? *A.* Why, if I had gone around listening through doors, or asking Mr. Dresser or Mr. Earl or the bank examiner how he found my book, it would seem very queer. They knew very well that I knew that if there was anything wrong I should hear about it, and I knew that if there was anything wrong I should hear about it and it was not necessary to ask any questions. All I had to do was to wait.

×-*Q.* 5024. And you were satisfied, as the result of all this, that you had successfully deceived him? *A.* Not that night; no sir.

×-*Q.* 5025. Well, how soon? *A.* Within two or three days.

×-*Q.* 5026. And you believed that both Mr. Earl and Mr. Pepper thought the books were all right? *A.* Yes, sir.

×-*Q.* 5027. Including your book? *A.* Yes, sir.

×-*Q.* 5028. Will you go on now after that date and state what was the first false entry that you made, or the first fresh taking of money, and in "false entries" now I want to include all restorations, if there were any, of these drops that you made in the depositors' balances? I would like to have you state every false entry and every fresh taking after December 3d. Before I leave that subject I will ask when it was that you felt relieved and satisfied that your concealments had been successful? *A.* Well, I felt that he hadn't found them several days afterwards; that he hadn't discovered them.

×-*Q.* 5029. You said two or three days afterwards. Was there any event which marked the time? *A.* No, sir.

×-*Q.* 5030. That was simply a general expression? *A.* A general expression.

×-*Q.* 5031. Very well. Go on from that now, December 3, and give us all the false entries and fresh takings. *A.* Or restorations?

×-*Q.* 5032. Or restorations. Well, I include those as false entries. And if you find any of Lockhart's handwriting as you go over the book, I wish you would mention it. *A.* I find Lockhart

carried forward the footings of the balance column at the close of business on December 3, 4 and 6.

×-*Q.* 5033. Correctly? *A.* Yes, sir.

×-*Q.* 5034. Do you remember why he did that? *A.* I do not.

×-*Q.* 5035. Were you at the bank on that day? *A.* I was.

×-*Q.* 5036. Busy about your work? *A.* I did all the work on the book but just that.

×-*Q.* 5037. Did you ask him to do that? *A.* I presume I did.

×-*Q.* 5038. Do you know why you asked him? *A.* I do not. I may have wanted to get away early.

×-*Q.* 5039. Well, go on. Let me interrupt one moment. Whether up to this time, during the time that you had been bookkeeper and had been making these changes in depositors' accounts, there had ever been a complaint by a depositor that his account was not right? *A.* Yes, sir.

×-*Q.* 5040. What depositor? *A.* There was a William Danehy.

×-*Q.* 5041. I will cut that short by asking, any complaints by a depositor whose accounts you had improperly dropped? *A.* None that I recollect.

×-*Q.* 5042. The complaints that were made were with reference to accounts that you had not juggled with? *A.* Yes, sir.

×-*Q.* 5043. And there, I assume, the discrepancy was corrected to the satisfaction of the depositor? *A.* It was, to the satisfaction of the depositor; yes, sir.

×-*Q.* 5044. Yes; so I don't care for those; but the question is whether, with reference to any of these accounts which you had improperly charged, there had been a complaint by a depositor that his account was not right? *A.* None that I recall.

×-*Q.* 5045. And there had been no case in which he had drawn a check for more than the balance that actually stood on your book, even after this improper drop? *A.* Oh, I have seen that happen; yes, sir.

×-*Q.* 5046. What? *A.* I have seen that happen.

×-*Q.* 5047. Well, when it came in did you take pains to see that the check was honored? *A.* Oh, I saw that the check was honored.

×-*Q.* 5048. Yes; so that the depositor never knew that his account was nominally short on your book? *A.* No, sir.

×-*Q.* 5049. There was no case in which, at the end of the month, when the pass books were handed in to be balanced, and taken back by the customers, or returned to them, any depositor whose account you had juggled with claimed that his balances were not right? *A.* None that I recall.

×-*Q.* 5050. Very well. Now go ahead with what you were undertaking to do. Give us any new — and the first — false entry. *A.* At the close of business December 2 the balance to the credit of Austin Ford & Sons Company appears on the books as $432.65; on December 3, checks charged to the account to the amount of $543.17; balance carried forward, $689.48. The correct balance should be an overdraft of $110.52, a rise of $800.

×-*Q.* 5051. Was that entry made after the bank examiner had been there? *A.* I should presume it was.

×-*Q.* 5052. Why was that made? *A.* What? Which one?

×-*Q.* 5053. What was that name? *A.* Austin Ford & Sons Company.

The Master. A rise of $800?

The Witness. A rise of $800.

×-*Q.* 5054. Why was that rise made? *A.* Why, I should say that their account had been $800 short at some time.

×-*Q.* 5055. Well, have you given us that? *A.* I don't remember whether I have or not.

×-*Q.* 5056. We don't find any memorandum of that. *A.* Well, I haven't found it.

×-*Q.* 5057. You haven't given us any? *A.* No, sir.

×-*Q.* 5058. But you do find that $800 was added to their account illegally? *A.* Yes, sir.

×-*Q.* 5059. That is, there is no deposit there to account for it? *A.* No, sir.

×-*Q.* 5060. Well, go on from that date. *A.* At the close of business December 2, the balance appears to the credit of the George W. Gale Lumber Company as $2,402.06; on December 3, checks charged to the account to the amount of $5,725.85; balance car-

ried forward, $3,676.18. The correct balance should show an overdraft of $3,323.82, or a rise of $7,000.

×-*Q.* 5061. Why was that made? *A.* So as not to show an overdraft on their account.

×-*Q.* 5062. Well, you haven't given us any such drop as that in Gale's account, have you? *A.* I have given you a drop in Gale's account.

Mr. DEAN. Gale, Agent; you didn't give the Gale Lumber Company, I think.

The MASTER. What was that supposed to be?

The WITNESS. A restoration of $7,000.

×-*Q.* 5063. A restoration of $7,000. It was not a fresh taking of money? *A.* No, sir; not either of those two.

The MASTER. Do you find them previously given anywhere?

The WITNESS. I didn't give it.

The MASTER. Then that should be added to the $197,064.70, should it?

The WITNESS. There may be checks charged into their account. I have no way of telling without the Gale Company's checks, or the checks charged into the different accounts.

The MASTER. But if you have not previously given it, and that is what it is, it is $7,000 in addition to what you have already given?

The WITNESS. Yes, sir. At some time there was $7,000 taken out of the Gale Lumber Company's account.

×-*Q.* 5064. Well, go on from that. *A.* At the close of business December 4, 1909, the balance to the credit of The Hospital Aid Society appears on the books as $626.98; there is a check of $3,000 charged in to their account; balance carried forward as $3,626.98, or a rise of $6,000.

×-*Q.* 5065. That was a restoration to one of the accounts that you had made a drop from? *A.* Yes, sir.

×-*Q.* 5066. The drop that you have stated on the 3d was $5,000, wasn't it? *A.* Yes, sir.

×-*Q.* 5067. And the restoration, you say, is of $6,000? *A.* The restoration was $6,000.

×-*Q.* 5068. Have you given any previous drop of $1,000 in that account? *A.* I don't remember whether I have or not.

×-*Q.* 5069. Do you know that there was one? *A.* I haven't found any.

×-*Q.* 5070. Did that $1,000 represent any fresh taking? *A.* I should say that at some time there was $6,000 taken from their account or I shouldn't have restored it.

×-*Q.* 5071. It did not represent any fresh taking of money by you? *A.* Not at that time.

×-*Q.* 5072. That is what I am asking about. *A.* No, sir.

×-*Q.* 5073. Have you any memory now whether in giving your false entries you have at any time given a drop of $1,000 in addition to this $5,000 on that account? *A.* I don't remember of doing so.

×-*Q.* 5074. Well, go on. *A.* At the close of business December 3, 1909, the balance appearing to the credit of the Standard Action Company on the books is $1,430.55; December 4, total checks charged into the amount of $1,688.95; balance carried forward as $19,741.60. The correct balance would show an overdraft of $258.40, making a rise of $20,000.

×-*Q.* 5075. That was a restoration, was it? *A.* Yes, sir.

×-*Q.* 5076. And a restoration to one of the accounts that you had made a drop of $20,000 from on December 3? *A.* Yes, sir.

×-*Q.* 5077. That simply made it good? *A.* Yes, sir.

×-*Q.* 5078. Now, before we go to another one, have you not omitted to state that after the bank examiner left on the 3d of December, or on the next day, you restored $19,000 to Mr. Dresser's account? *A.* I presume that I did. I see the figures are marked over.

×-*Q.* 5079. Can't you tell from the book? *A.* Well, they have been marked over, I should say, the day after the bank examiner left.

×-*Q.* 5080. Do you find an entry of a change in the balance? *A.* A change of the figures in the balance.

×-*Q.* 5081. Well, where does that appear? *A.* I should say some time before December 6.

×-*Q.* 5082. Under what date is the difference in the balance

shown? *A.* I find that on the November 30 balance and the December 2d balance the figure has been changed from a "1" to a "3".

×-*Q.* 5083. Let me see that first balance, of November 30. [*The entry is examined by Mr. Morse.*] That is thirty-nine thousand or thirty-four thousand? *A.* $39,068.31.

×-*Q.* 5084. And that was after you had made the drops that you have testified to? *A.* Oh, no; that was made after the bank examiner had left.

×-*Q.* 5085. What was the balance to Mr. Dresser's credit on your book at the time that the bank examiner was there? *A.* $19,068.31.

×-*Q.* 5086. Where does that appear? *A.* There [*pointing*].

×-*Q.* 5087. Then you simply wrote the "3" over the "1"? *A.* Yes, sir.

Mr. MORSE. This is a little different from some of the others. Perhaps the master would like to look at it. I am sure I should not have noticed it if I had looked over these books a hundred times. That "3" was originally a "1". Here it is [*pointing to the entry*]. And in that simple way you added $20,000 to the balance, did you?

Mr. PILLSBURY. That is the 4th, is it?

Mr. MORSE. He says it is some time after the bank examiner left, before the 6th.

The WITNESS. Either at the close of business on the 6th, or some time before.

×-*Q.* 5088. And you made the change as of December 1? *A.* Yes, sir.

×-*Q.* 5089. Then these balances had not been carried forward before you made the alteration, had they? *A.* No; it was not necessary.

×-*Q.* 5090. Well, they had not in fact been carried forward,—I mean that you didn't write the figures under date of December 2 and of December 6 until after you had made the alteration in the column of December 1? *A.* I shouldn't say so.

×-*Q.* 5091. Well, it is evident that those figures have not been subjected to any alteration, isn't it? *A.* That one has [*pointing*].

×-*Q.* 5092. It has? *A.* Yes.

×-*Q.* 5093. I didn't notice that. Then there was originally a "1" there, was there? *A.* Yes, sir.

The MASTER. Where is that?

Mr. MORSE. That is under date of December 2.

×-*Q.* 5094. Was that erased? *A.* No, sir; it is marked over. You can see it there.

Mr. MORSE. Oh, I don't doubt your statement. I am only marvelling at your ability to accomplish such things. Do you see that, Mr. Nay? He sees the original "1" in that place.

Mr. NAY. Yes; with a magnifying glass you can see it very plainly.

Mr. MORSE. I would like to have my brother Pillsbury see that. [*The entry is examined by Mr. Pillsbury.*] He says he can see the original "1" under that "3".

Mr. NAY. You see it in the lower part, where the curve comes across the lower part of it. It takes almost a microscope, or a microscopic eye.

Mr. PILLSBURY. I haven't got a microscopic eye.

Mr. MORSE. That is the one where he says the original figure was a "1", and he says he can see the "1".

Mr. NAY. Look at the lower loop there, and you can see the break like that, where the "1" crosses the curve.

The MASTER. I can see that it has not quite the curve of the other, but I do not know that I could make it out for a "1".

Mr. MORSE. Oh, I don't think it is of enough importance to follow it up. I am only, as I say, marvelling at the skill by which a change of that kind can be made.

The WITNESS. I don't think it takes a very skillful man to do that.

×-*Q.* 5095. You don't think so? *A.* No, sir.

×-*Q.* 5096. Well, your standards are different, I think. Go on now and state the next false entry that you made that you have been able to find. *A.* The Cambridge Ice Company balance is raised $8,000 on December 7, 1909.

The MASTER. That is a restoration?

The WITNESS. That is a restoration.

×-*Q.* 5097. That was the amount you dropped? *A.* I believe it was.

Mr. DEAN. He dropped $7,000. How much did you restore,—$7,000?

The WITNESS. $8,000.

×-*Q.* 5098. That was $1,000 more than you dropped on the 3d of December, wasn't it? *A.* Yes, sir.

×-*Q.* 5099. What does that mean? *A.* That means that at some previous time there must have been another thousand dollars charged in to the account of the Cambridge Ice Company.

×-*Q.* 5100. Have you any recollection now of when that was? *A.* No, sir.

[No cross-interrogatory numbered 5101.]

×-*Q.* 5102. Do you recall whether you have given that in your testimony? *A.* I don't recall whether I have or not.

×-*Q.* 5103. And without taking a great deal of time you couldn't find where that drop was, could you? *A.* No, sir.

×-*Q.* 5104. It might take you a day or more? *A.* Yes, and then not find it.

×-*Q.* 5105. And then not find it. Well, then, I won't stop at this —

The MASTER. Well, that is a similar case to the Hospital Aid Society case?

Mr. MORSE. Yes.

The MASTER. Does he now mean to say that those two items represent at some time a taking of $2,000 which has not been included in the $197,064.70?

The WITNESS. Yes, sir.

×-*Q.* 5106. That is, you infer that that is so? *A.* Yes, sir.

×-*Q.* 5107. But you haven't given those items of takings or drops in your testimony, have you? *A.* No, sir.

×-*Q.* 5108. And you are not able now to state when they occurred? *A.* No, sir.

×-*Q.* 5109. And you are not sure whether you can find them anyway? *A.* No, sir.

Mr. KNEELAND. He has given that before, Mr. Nay.

Mr. NAY. Page 487 of the testimony: "*A.* On November 29, 1909, there appear two checks in the check column, on page 7, one for $3,000, charged in to The Holy Ghost Hospital, and one of $1,000 charged to The Hospital Aid Society. Those checks were my checks, payable to J. Thomas Reinhardt. *Q.* That made $4,000? *A.* Yes, sir."

Mr. MORSE. That would account for the restoration of the $6,000, then. You have given the $1,000 and the $5,000 to the Hospital Aid, but the other accounts you have not given the items or dates of, other drops, have you?

The WITNESS. I don't recollect.

×-*Q.* 5110. Well, go on now to the next false entry. *A.* The account of George W. Gale has been raised $10,000 on December 7.

The MASTER. How much?

The WITNESS. $10,000.

×-*Q.* 5111. Is this Gale individually, or agent? *A.* Well, it was agent at one time, but the "Agent" has been crossed off here.

×-*Q.* 5112. It is the same account, is it? *A.* The same account.

×-*Q.* 5113. That is a restoration of an amount that you charged off on December 3? *A.* Yes, sir, I believe so.

×-*Q.* 5114. The same figure. Very well; go on to the next. *A.* The account of C. L. Holt raised $700 on December 7.

×-*Q.* 5115. The amount of the drop on that account on December 3 was $800, and you restored $700, did you? *A.* Yes, sir.

×-*Q.* 5116. Go on. *A.* Frank A. Kennedy's balance restored $7,000 on December 7. J. F. Lane, Executor, restored $1,000 on December 7.

×-*Q.* 5117. Go on. *A.* G. A. A. Pevey restored $1,000 on the 7th; and Pevey, Trustee for Prescott, restored $1,000 on the 7th. The footing of the total check column appears on the book at the close of business December 9, page 5, as $4,521.35. The correct footing is $1,021.35, or a difference of $3,500, a rise of $3,500.

×-*Q.* 5118. This is simply a fresh taking, is it? *A.* A fresh taking.

×-*Q.* 5119. On what day? *A.* December 9.

×-*Q.* 5120. Is that the first false entry you find between those

you have previously given and December 9? *A.* Why, no; I have given a good many of them.

×-*Q.* 5121. My question is whether this is the first false entry that you find between the date of the last false entries that you have given and December 9? *A.* Yes, sir.

The MASTER. Well, Mr. Morse, you don't count the arbitrary restorations as false entries, then?

Mr. MORSE. Yes, I do. I want to be sure that we have covered everything up to December 9, that is all, and I ask whether he has given us now all the false entries up to that time.

The WITNESS. Oh, I couldn't say about that; all that I have found so far.

×-*Q.* 5122. All that you have found? *A.* Yes, sir.

×-*Q.* 5123. And you have been over all the columns up to December 9, haven't you? *A.* One way; yes, sir.

×-*Q.* 5124. Do you care to take any more time to see whether there are any that you have omitted? *A.* Oh, yes; I will be some time on that; I will be probably half an hour between December 8 or 9 and from there on.

×-*Q.* 5125. Didn't you understand my question to be what false entries you had made, and to involve the examination chronologically of the book? *A.* I am taking a portfolio at a time, and one portfolio takes from December 8 to December 14. I might find an error on December 14 on page 5, and I might find one on December 8 on page 6.

×-*Q.* 5126. I don't care how you are doing it, but I want to be sure that you are giving us all that you can find. *A.* All I can find; yes, sir. The footing of the total check column appears on the book on December 13 as $5,283.97. The correct footing is $1,283.97, or a rise of $4,000.

×-*Q.* 5127. What does that mean,—a restoration? *A.* Signifying another taking.

×-*Q.* 5128. That is the total check column, is it? *A.* Yes, sir.

Mr. DEAN. What page is that?

The WITNESS. Page 5, December 13. On December 14, D. A. Barber's balance was raised $2,000.

×-*Q.* 5129. That was the amount you dropped from his account? *A.* Sir?

×-*Q.* 5130. That was the amount that you had dropped on the 3d of December? *A.* I believe it was.

The MASTER. Then that is a restoration?

The WITNESS. Yes, sir. A. F. Blakeslee is raised $500.

The MASTER. On the same day?

The WITNESS. On the same day, December 14.

×-*Q.* 5131. That is a restoration of a drop on the 3d of December? *A.* I believe it is. Ella M. Dickson's account was raised $900 on December 14. J. A. Kimball's balance was raised $3,000 on December 14. The footing of the total check column on December 15, page 5, appears on the books as $6,343.34. The correct footing is $2,343.34, a rise of $4,000.

×-*Q.* 5132. Was that a fresh taking? *A.* It was.

×-*Q.* 5133. On what day? *A.* On December 15.

×-*Q.* 5134. Are these footings in pencil or in ink? *A.* Pencil. The footing of the total check column on December 16, page 5, appears on the book as $10,206.26. The correct footing should be $6,206.26, a rise of $4,000.

×-*Q.* 5135. Was that a fresh taking? *A.* A fresh taking. Page 5, December 17, the footing of the total check column appears on the book as $5,982.59. The correct footing is $2,682.59, or a rise of $3,300, signifying a fresh taking.

×-*Q.* 5136. That is in the total check column? *A.* It is. On December 20, page 5, the footing of the total check column appears on the book as $4,837.11. The correct footing should be $1,837.-11, or a rise of $3,000. That signifies a fresh taking at that time.

×-*Q.* 5137. Let me in passing ask you — I am not sure whether I have asked you this question or not — whether Lockhart knew that you were drawing large checks on the National City Bank? *A.* He did not, to my knowledge.

×-*Q.* 5138. I think I asked you the question before; but go on now with what you were doing. *A.* On December 21, page 12, the Standard Diary account was raised $30,000.

×-*Q.* 5139. That was the amount of the drop? *A.* I believe so.

The MASTER. That was a restoration?

The WITNESS. Yes, sir.

×-*Q.* 5140. Will you proceed with your answer to the question? *A.* At the close of business February 22, 1909,—

×-*Q.* 5141. February 22? *A.* December 22, 1909, the balance of Thomas Charak appears on the books as $441.95; on December 23, checks charged to his account to the amount of $927.85; deposited to his credit, $249.75; balance carried forward as $763.85. The correct balance should show an overdraft of $226.15, or a rise of $1,000.

×-*Q.* 5142. That was a restoration? *A.* Yes, sir.

×-*Q.* 5143. Of the amount charged off December 3? *A.* I believe so. On page 4, December 24, the footing of the total check column appears on the books as $3,379.46. The correct footing should be $1,579.46, a rise of $1,800.

×-*Q.* 5144. Was that a fresh taking? *A.* It was. On page 4, December 27, the footing of the total check column appears on the books as $4,466.01. The correct footing should be $966.01, or a rise of $3,500.

×-*Q.* 5145. Was that a fresh taking? *A.* A fresh taking.

×-*Q.* 5146. Did you actually get $3,500 that day? *A.* I may not have.

×-*Q.* 5147. What? *A.* There was a fresh taking that day; yes, sir.

×-*Q.* 5148. How can you tell from that book that you did, or from any record or memorandum that you have? *A.* Because the footing on my page added up $3,500 more than the actual figures on the page, signifying that the check must have been left out.

×-*Q.* 5149. Can you tell how you got it? *A.* By check.

×-*Q.* 5150. The only check that has been presented here I understand to be a check for $3,000, December 28th. *A.* They might have credited $500 to my account in Reinhardt's office.

×-*Q.* 5151. What? *A.* They might have credited $500 to my account in Reinhardt's office.

×-*Q.* 5152. Well, go on. *A.* On page 5, December 22, the

footing of the total check column appears on the book as $3,881.48. The correct footing is $881.48, a rise of $3,000.

The MASTER. You have gone back, then.

×-*Q.* 5153. Is that a fresh taking? *A.* Yes, sir. It is on another page, your Honor. The pages run from December 22 to December 28. Ella E. Graves' balance was raised $600 on December 28.

×-*Q.* 5154. That was the amount of the drop made December 3? *A.* I believe so. W. J. McCoy's balance was raised $3.000 on the 28th.

×-*Q.* 5155. That is a restoration of a drop on December 3? *A.* I believe so. I restored to W. H. D. Weir's account $1,000 on the 28th.

×-*Q.* 5156. That was a drop on December 3? *A.* Yes, sir. G. A. A. Pevey, Trustee for Storey, restored $2,000 on the 28th.

×-*Q.* 5157. That is the amount of the drop December 3? *A.* I think so. The Prudential Insurance Company is raised $2,000 on the 28th.

×-*Q.* 5158. That is the amount of the drop on December 3? *A.* I think it is. I find the balances are carried forward on the 29th in Lockhart's handwriting.

×-*Q.* 5159. What balance? *A.* The daily balances.

×-*Q.* 5160. Is that balance correct as to footing? *A.* No footings there.

×-*Q.* 5161. What do you mean by that? Do you say he carried forward the balance? *A.* The daily balances; yes, sir.

×-*Q.* 5162. Where did he get them from? *A.* From the book.

×-*Q.* 5163. Wasn't that the result of the footing? *A.* No, sir; individual daily balances.

×-*Q.* 5164. Of each customer? *A.* Of each customer; yes, sir.

×-*Q.* 5165. When you said "daily balance", I thought you meant the footing of the column. It is the daily balance of each customer, is it? *A.* Yes, sir.

×-*Q.* 5166. And does that mean all customers, or only those where there had been changes in their accounts? *A.* All customers.

×-*Q.* 5167. All customers? *A.* Yes, sir.

×-*Q.* 5168. He carried forward the balances of all the customers, then, on that day, did he? *A.* Yes, sir.

×-*Q.* 5169. Have you any recollection of how that came about? *A.* No, sir.

×-*Q.* 5170. Do you assume that you asked him to do it, or— *A.* I assume that I did.

×-*Q.* 5171. Can you explain why you asked him? *A.* No, sir.

×-*Q.* 5172. Had you any apprehension that in doing that he might come upon some mistake in those accounts? *A.* No, sir.

×-*Q.* 5173. Why not? *A.* Well, because I don't see how he could in just carrying forward my balances from the day before. There was no chance to come across a mistake.

×-*Q.* 5174. But if he had happened to look back a day or two, or a page or two, he might have found a false entry, mightn't he? *A.* Yes, sir.

×-*Q.* 5175. You trusted that he wouldn't do it? *A.* I didn't think that he would have occasion to do it.

×-*Q.* 5176. Did you ever tell him not to do it? *A.* No, sir.

×-*Q.* 5177. You simply said "Carry forward those balances"? *A.* I presume that I did. I don't remember the circumstances connected with that date.

×-*Q.* Was he then regularly in the employ of the bank? *A.* I think not. I know he wasn't.

×-*Q.* 5179. Do you mean that he came in voluntarily, or that you called him in that day? *A.* He probably was requested to come in.

×-*Q.* 5180. By you? *A.* By me for the National City Bank; yes, sir.

×-*Q.* 5181. Did you speak to Mr. Earl about it? *A.* Probably Mr. Earl spoke to me about it.

×-*Q.* 5182. Did he do any other work except to carry forward those balances on that day? *A.* Not that I see on the book, anyway.

×-*Q.* 5183. How long did it take to do that? *A.* Only a few minutes.

×-*Q.* 5184. He wouldn't be called in from the outside to do that work only, would he? *A.* I presume he came in to help us in the balancing up of the books at the end of the month; that is my opinion of what it was at that time.

×-*Q.* 5185. Can't you tell, then, what other work he did? *A.* I have nothing here to tell what other work he did.

×-*Q.* 5186. What? *A.* I have nothing here to tell what other work he did.

×-*Q.* 5187. Do you have any other writing of his on your book that day? *A.* No, sir.

×-*Q.* 5188. Well, what other work might he have done, or would he have been likely to do, at that time? *A.* Most anything.

×-*Q.* 5189. What do you mean by that? *A.* Anything that he was requested to do.

×-*Q.* 5190. Well, what sort of things would be be requested to do? Be a little more specific. *A.* Regular bank work; listing checks and deposits, balancing books, sorting checks, running the adding machine, or anything.

×-*Q.* 5191. And he did do that sort of work? *A.* He did do that sort of work.

×-*Q.* 5192. At that time? *A.* I don't know about that.

×-*Q.* 5193. Will you turn to Mr. Earl's ledger, and see whether he was paid for work at that time? *A.* I can do so; yes, sir.

×-*Q.* 5194. Will you do so? *A.* Lockhart was paid $4 on January 3.

×-*Q.* 5195. He didn't take the place of anybody when he came in on such occasions? *A.* No, sir.

×-*Q.* 5196. He was an extra man? *A.* Yes, sir.

×-*Q.* 5197. So that there were Mr. Earl, Mr. Paul, yourself the messenger and Lockhart? *A.* Yes, sir.

×-*Q.* 5198. And you were all concerned in the balancing of the books at the end of the month? *A.* Yes, sir.

×-*Q.* 5199. Well, go on now from this date. *A.* [*After examining the books from 2.53 to 2.57 o'clock.*] The footing of the total check column on page 5, December 29, appears on the book as

$3,070.80. The correct footing should be $70.80, or a rise of $3,000.

The MASTER. A taking?

The WITNESS. Yes, sir. On page 5, January 4, the footing of the total check column appears on the book as $4,251.93. The correct footing should be $1,251.93, a rise of $3,000.

Mr. PILLSBURY. A fresh taking?

The WITNESS. Yes, sir.

×-*Q.* 5200. That is a fresh taking? *A.* Yes, sir. [*After examining the book from 3.01 to 3.07 o'clock.*] I find Lockhart carried forward the balances on January 1 and January 3 — a part of the balances on January 3.

×-*Q.* 5201. What balances did he carry forward? *A.* Daily balances, depositors' balances.

×-*Q.* 5202. Of each of the depositors? Of all of the depositors? *A.* On January 3; yes; and on January 1, just those that were changed.

The MASTER. What happened? I don't get it.

The WITNESS. Lockhart carried forward the balances. [*After examining the book from 3.08 to 3.15 o'clock.*] Page 5, January 5, 1910, the footing of the total check column appears on the book as $3,327.49. The correct footing is $327.49, a rise of $3,000; a fresh taking. [*After examining the book from 3.16 to 3.19 o'clock.*] I find that Lockhart carried forward the balances on January 5. He carried forward all the checks, deposits and balances on the 6th, 7th, 8th and 10th. That is all.

The MASTER. Do you mean there the individual balances?

The WITNESS. The individual balances.

[*The witness examines the book from 3.20 to 3.28 o'clock.*]

The WITNESS. [*At 3.30 o'clock.*] On page 4, January 17, 1910, the footing of the total check column appears on the books as $4,502.46. The correct footing is $502.46, or a rise of $4,000, making another taking.

×-*Q.* 5203. A fresh taking? *A.* Yes, sir.

Mr. NAY. It seems to me we are spending a great deal of time uselessly in this matter.

We have put on Coleman to testify regarding a large number of false entries and the circumstances in connection with them, but have not attempted to cover the whole matter by his testimony. Mr. Morse has brought out that it takes Mr. Coleman some time to discover various false entries. I want to call your attention to the fact that he does not pick out any item on which he has been examined. He does not examine him on the account as a whole, because we have not put in the account as a whole by him. It is taking a great deal of time, and in the early part of it the witness was not allowed by Mr. Morse to take the exhibits which would have materially expedited his work on the items he was examining.

Mr. MORSE. I allowed him to take everything he wrote.

Mr. NAY. You did not want him to take these Reinhardt checks, and so on.

Mr. MORSE. He was at liberty to take anything he wrote.

Mr. NAY. He was not allowed to take the Reinhardt checks.

Mr. MORSE. He did not have anything to do with those.

Mr. NAY. Yes, he did.

Mr. MORSE. I have told Coleman he might examine any memorandum he made or anything he kept.

Mr. NAY. Mr. Bates calls attention to the fact that while it took Coleman in some instances from five to ten minutes to find a false entry, there were other cases in which he took only half a minute to a minute.

The WITNESS. I find that Lockhart wrote on the book on January 12, 13 and 14. He did only part of the work on the 13th and 14th; he did the whole of the work on the 12th.

×-*Q.* 5204. What do you mean by "the whole of the work"? *A.* Entered all checks and deposits, and carried forward all balances and added up the footings.

×-*Q.* 5205. What was the occasion of that? *A.* I don't remember.

×-*Q.* 5206. Were you absent from the bank on any of those days? *A.* Evidently not; that is, anyway, on the 13th and 14th I did part of the work myself.

×-*Q.* 5207. You both worked on the accounts those days? *A.* Yes, sir.

×-*Q.* 5208. Any false entries made by Lockhart? *A.* I haven't discovered any. [*After examining the book from 3.35 to 3.36 o'clock.*] I find my balance carried forward is $16.57 on January 18. I don't know what the correct balance should be.

×-*Q.* 5209. Well, do you find any error there? *A.* I find no balance at the close of business January 17th, and on the 18th I find checks charged to the amount of $975 and $16.57 carried forward at the close of business on the 18th.

×-*Q.* 5210. What does that mean, if anything? *A.* Why, it means that there was $991.57 out of the way, anyhow.

×-*Q.* 5211. Which way? *A.* The wrong way.

×-*Q.* 5212. Does that mean a fresh taking? *A.* It means a taking; yes, sir.

×-*Q.* 5213. Of that amount? *A.* Yes, sir; there is some more here, too, I guess.

×-*Q.* 5214. Did you say January 16? *A.* January 18.

The MASTER. Did you say $961?

The WITNESS. There is more than that, your Honor. It is $1,161.57.

The MASTER. Does that represent anything?

The WITNESS. It represents a taking of that amount. I. W. Gillespie's account raised $700 on January 18.

×-*Q.* 5215. That is a restoration? *A.* Yes, sir.

×-*Q.* 5216. What was the amount? *A.* $700.

×-*Q.* 5217. Do you know when that was dropped from his account? *A.* No, sir.

×-*Q.* 5218. That was not one of the drops of December 3, was it? *A.* I don't remember.

×-*Q.* 5219. And without taking time you couldn't tell us when that drop was made? *A.* No, sir.

×-*Q.* 5220. Do you think it had been made at some time? *A.* It must have been.

The MASTER. Did it represent a taking that has not been hitherto accounted for?

The WITNESS. Yes, sir.

×-*Q.* 5221. It was not a fresh taking? *A.* Not of that day; no, sir.

×-*Q.* 5222. Go on. *A.* L. M. Gould's balance was raised $500 on the 18th.

×-*Q.* 5223. That was a restoration? *A.* That was a restoration.

×-*Q.* 5224. Of a drop on December 3d? *A.* I believe so; a restoration of $600 on Horace J. Gray's balance on the 18th.

×-*Q.* 5225. That is one of the drops of December 3? *A.* I should think so; G. A. A. Pevey, Trustee for Storey, raised $2,000 on the 18th.

×-*Q.* 5226. Then proceed with your evidence. *A.* [*After examining the book from 3.45 to 3.54 o'clock.*] On January 25 the Standard Diary balance is dropped $20,000.

×-*Q.* 5227. Was that a fresh taking? *A.* No, sir.

×-*Q.* 5228. What did it mean? *A.* Simply a drop. I dropped the balance $20,000.

The MASTER. What was that for?

The WITNESS. To cover up some of the shortage.

×-*Q.* 5229. What was the reason for making that drop? *A.* To cover up some of the shortage; a covering-up entry. [*After examining the book from 3.55 to 4 o'clock.*] On February 1, 1910, Charles H. Smith's account was dropped $5,000. The same date Martha C. Smith's account was dropped $3,000.

×-*Q.* 5230. Were those fresh takings? *A.* No, sir.

×-*Q.* 5231. What did they represent? *A.* Just a drop of the balance.

×-*Q.* 5232. To keep your balances — *A.* To offset some of the shortages.

Mr. NAY. It came out the other day that Coleman had a few transactions with Towle & Fitzgerald, and the suggestion was made that we should have to have a transcript of the account, and we have received it.

The MASTER. That might be marked for identification.

[*The paper referred to is marked* "Exhibit 141 for identification, R. H. J."]

×-*Q.* 5233. We stopped the other day, as I am informed, at the entries of February 1, 1910. I wish you would turn to the book of that date, and the entries that you gave as false entries were in

the accounts of Martha C. and Charles H. Smith. I wish you would find those entries. *A.* What were the last ones?

Mr. DEAN. Charles H. Smith and Martha C. Smith.

The WITNESS. Were they rises?

Mr. DEAN. No; they were drops.

The WITNESS. On February 1?

Mr. MORSE. On February 1.

Mr. DEAN. Or you may have said that they were that amount short.

The MASTER. No; he said they were covering-up items of $5,000 and $3,000.

The WITNESS. A drop of $5,000 and a drop of $3,000.

×-*Q.* 5234. What did those items represent? *A.* A covering up.

×-*Q.* 5235. They did not represent a new stealing? *A.* No, sir.

×-*Q.* 5236. Go on from there and give us the next false entries or evidences of takings of money improperly. *A.* On February 9 I find the account of Kate P. Andrews was dropped $9,000 on the book.

×-*Q.* 5237. February 9? *A.* Yes, sir.

×-*Q.* 5238. What did that mean? *A.* That is simply a covering up.

×-*Q.* 5239. Not a fresh taking? *A.* No, sir. Emilo Barratta dropped $600 on the same day.

×-*Q.* 5240. What did that mean? *A.* That is a covering up. Eugene Barratta, the same day, $1,000.

×-*Q.* 5241. Was that the same? *A.* Yes, sir. Giovanni Barratta, $500, the same day.

×-*Q.* 5242. Did that also represent a covering up? *A.* A covering up. E. K. Berry, $700, the same day. That is a covering up. The estate of George E. Carter, trustee, $1,000, the same day.

×-*Q.* 5243. Was that also a covering up? *A.* Yes, sir. Hiram L. Chase, $800, the same day, a covering up.

×-*Q.* 5244. Also a covering up? *A.* Also a covering up. Claverly Hall, $2,000, the same day, a covering up. Harry F. R. Dolan, $2,000, the same day, a covering up. Albert R. Ellison, the same day, $1,000, a covering up. Martha Stratton Ensign, $400, the

same day, a covering up. G. W. Gale, $2,000, the same day, a covering up. Gale & Stone, the same day, $4,000, a covering up. I. W. Gillespie, $500, the same day, a covering up. Ella E. Graves, $800, the same day, a covering up. Horace J. Gray, $600; Horace J. Gray, Special, $300. Lucy Hall Greenlaw, $600, a covering up. Richard Hapgood, $1,000.

×-*Q.* 5245. Also a covering up? *A.* These are all covering up; yes, sir. Holy Ghost Hospital, $4,000. Hospital Aid Society, $4,000. Alice B.—

×-*Q.* 5246. These are all coverings up, are they, without your stating that expressly in each case? *A.* Yes, sir.

×-*Q.* 5247. You mean droppings from their balances? *A.* Yes, sir. Alice B. Howe, Executrix, $2,000; Frank A. Kennedy, $1,000; J. E. Kimball, $2,000; J. F. Lane, Trustee, $1,000; LaPierre Drug Company, $1,000; J. S. Lockhart, Guardian, $400; Lucy O. Lockhart, $1,000; E. R. Luke, $2,000; W. J. McCoy, $2,000; W. P. McKenzie, $800; W. H. D. Mercer, $1,000; J. Frank Facey, Secretary and Treasurer, $1,000; L. A. Pease, $500; G. A. A. Pevey, Attorney, $900; G. A. A. Pevey, Trustee for M. R. Storey, $1,000; Charles E. Pierce, $2,000; Charles L. Pike, $900; Prospect Union Association, $2,000; F. W. & E. H. Rogers, Trustees, $2,000; Lucy J. Russell, $1,000; Minnie D. Seaverns, $1,000; Moses Smith, $1,000; Hugh Stewart, Personal, $1,000; Henry Thayer & Company, $5,000; J. Tishler, raised $1,000 the same date.

The MASTER. What is that item?

The WITNESS. Why, I raised his account $1,000 for some reason; I don't know as I can state the reason now.

×-*Q.* 5248. Have there been any erasures? *A.* No, sir.

×-*Q.* 5249. In any of these entries that you have been referring to? *A.* Yes; there have been one or two; that Henry Thayer & Company was an erasure.

×-*Q.* 5250. Well what was it originally? *A.* I couldn't say. I should presume it was a correct balance originally.

×-*Q.* 5251. And you don't know when that erasure was made, then? *A.* I do not.

×-*Q.* 5252. What other instances have there been? *A.* J. E. Kimball was an erasure.

×-*Q.* 5253. These erasures, I take it, are not obvious? It requires some careful scrutiny to find them, doesn't it? *A.* Not those two; no, sir.

×-*Q.* 5254. What do you mean? *A.* Why, it is very plain to see that they have been erased,— Henry Thayer & Company and Kimball.

×-*Q.* 5255. You seem to examine the page with some care. *A.* I was not examining those accounts.

×-*Q.* 5256. Do you mean to say that they were so obvious that anybody looking at the book could see them? *A.* Yes, sir.

×-*Q.* 5257. Well, go on. *A.* Roswell Wetherbee, $500.

Mr. PILLSBURY. I should like to see Coleman's idea of an obvious erasure there. [*The entry is examined by Mr. Pillsbury.*] And where is the other?

The WITNESS. There [*pointing.*]

Mr. PILLSBURY. Very close inspection, and at exactly the right angle, would reveal it, but an ordinary look at the book wouldn't.

The WITNESS. I should think that "2" would very easily show that it had been erased. Perhaps the other there might be some question about.

×-*Q.* 5258. You didn't make the erasures with the intention that they should be seen, I take it? *A.* Why, when I made erasures I usually made them as nicely as I could — not for any reason as to whether they should be seen or not, but to make the book look half-way decent.

×-*Q.* 5259. You were intending to conceal your takings, were you not? *A.* At this time; yes, sir.

×-*Q.* 5560. And you did the best you could to conceal them, didn't you? *A.* I did. Roswell Wetherbee, $500.

×-*Q.* 5261. Was that a drop? *A.* Yes, sir. And Edwin A. Yandell, $900.

×-*Q.* 5262. Does that cover all the drops in balances made that day? *A.* That is all I find; yes, sir.

×-*Q.* 5263. Did you make those drops with reference to or after

consulting some memorandum that you had of your stealings? *A.* I don't remember whether I did or not. I don't think I did at that time.

×-*Q.* 5264. You couldn't have made all those drops without knowing just what the amount of your stealings was, could you? *A.* Those drops were not made with the idea of proving up the book.

*A.* I beg your pardon? *A.* Those drops were not made with the idea of proving up the book.

×-*Q.* 5266. I didn't ask you what idea they were made with; but you wouldn't have made all these drops on that day without knowing what the amount of the stealings was, would you? *A.* Why, I should say no and yes to that question; in one way I would, and in one way I wouldn't.

×-*Q.* 5267. You had in your pocket, or under your control, an exact memorandum of the amount you had taken, hadn't you? *A.* well, one that I thought was correct. To the best of my knowledge it was correct.

×-*Q.* 5268. What? *A.* One that I thought was correct; yes, sir.

×-*Q.* 5269. You kept what you believed was a correct memorandum of your stealings? *A.* I did.

×-*Q.* 5270. And you had that with you on this and on other days when you were altering the books, didn't you? *A.* It was always there.

×-*Q.* 5271. And you always made your alterations with reference to that, did you not? *A.* Why, not at this time, I didn't.

×-*Q.* 5272. Do you know how much these drops amount to? *A.* No, sir.

×-*Q.* 5273. Did they represent your total stealings at that time? *A.* No, sir.

×-*Q.* 5274. How do you know they didn't? *A.* Because this time I dropped these accounts, fixing up the book for the Harvard Trust Company to come up and examine, and I believe I left the book to look as nearly correct as possible, but I didn't try to drop all the balances, or to make the books prove.

×-*Q.* 5275. Did the dropping of these balances make your books prove? *A.* No, sir.

×-*Q.* 5276. What was the object in doing it, then? *A.* Why, it made it look a little better, of course, but it didn't make it prove, by any means.

×-*Q.* 5277. When did the Harvard Trust Company come to examine it? *A.* On Saturday, February 19.

×-*Q.* 5278. But you made these changes on the 9th? *A.* I did.

×-*Q.* 5279. Ten days before? *A.* I did.

×-*Q.* 5280. Did you at that time know that the Trust Company was coming to examine it? *A.* I did.

×-*Q.* 5281. From whom did you learn it? *A.* Mr. Earl.

×-*Q.* 5282. And when did you learn it? *A.* I don't remember just when, though Mr. Earl told me that the Harvard Trust Company was coming in to examine the books on a certain date.

×-*Q.* 5283. I mean with reference to this 9th of February. When with reference to that time did he tell you? *A.* I couldn't say.

×-*Q.* 5284. You thought it would make your book look better, without any reference to the exact balancing of your book, or to the covering up of your entire stealings, to drop about fifty balances, more or less, on that day, did you? *A.* Yes, sir.

×-*Q.* 5285. Did you keep an account of the amounts that you dropped on that day? *A.* I did not.

×-*Q.* 5286. Why wasn't it necessary for you to do so, if you were keeping an accurate account of your stealings and were intending to have your books cover them up? *A.* Well, at that time I knew there was no chance in the world of my getting past the Harvard Trust Company examination. I didn't make any attempt to prove up the book. I hadn't carried forward the footings or anything else for some time.

×-*Q.* 5287. Why did you make those changes at all, then? *A.* Why, as I say, to make the book look a little better, that is all.

×-*Q.* 5288. To have fifty or sixty false entries more on it? *A.* Why, it amounted to that; yes.

×-*Q.* 5289. You thought that would improve its appearance? *A.* Well, I don't know as it would improve its appearance, so far as that goes, but still it wouldn't make the shortage look so large

when the Harvard Trust Company went over the book as it would if I left the balances the proper amounts.

×-*Q.* 5290. You have already said that some of the changes were made at a date which you can't fix, because they were over erasures. *A.* Two of them; yes, sir.

×-*Q.* 5291. You don't mean to say that those are the only two, do you? *A.* Yes, sir.

×-*Q.* 5292. Have you examined carefully all the entries to see? *A.* I have.

×-*Q.* 5293. Have you looked at these books since the adjournment the other day? *A.* I have not.

×-*Q.* 5294. Go on from there and state, after the false entries which you have referred to, what other false entries you made on the books, or on your book. *A.* I see Lockhart's writing appears on part of the work on February 15.

×-*Q.* 5295. What part of the work? *A.* I see he carried forward the checks, that is, the total checks, and entered the deposits, — added up checks and deposits.

×-*Q.* 5296. Were those entries correct? *A.* I believe so.

×-*Q.* 5297. Do you recall how he happened to make those entries? *A.* I do not.

×-*Q.* 5298. This was after you had learned that the Harvard Trust Company was proposing to examine the books? *A.* It was.

×-*Q.* 5299. And you entrusted to Lockhart the writing upon these books, did you? *A.* I was in the bank all right that day; there is no doubt about that.

×-*Q.* 5300. Well, you took the chance of Lockhart's finding some of your false entries, did you? *A.* I did.

×-*Q.* 5301. Did he find any? *A.* Not to my knowledge.

×-*Q.* 5302. Well, go on and state any other false entries you made on your book. *A.* Yes, and I find some of Lockhart's writing on February 12.

×-*Q.* 5303. What was that? *A.* Why, there are some checks that are in his handwriting and some deposits.

×-*Q.* 5304. And are those entries correct? *A.* So far as I

know. I find Lockhart's handwriting appears on the book February 19 and 21.

×-*Q.* 5305. What entries? *A.* All the entries.

×-*Q.* 5306. All the entries. Had you left the bank at that time? *A.* I had.

×-*Q.* 5307. When did you leave? *A.* I left Friday afternoon.

×-*Q.* 5308. That is, the 18th? *A.* On the 18th; yes, sir.

×-*Q.* 5309. And your handwriting appears for the last time on the 18th of February? *A.* The 18th; yes, sir.

×-*Q.* 4310. Did you know that the representatives of the Harvard Trust Company were coming to examine on the 19th? *A.* I did.

×-*Q.* 5311. Well, to continue my previous inquiry now, find any false entries between the dates that you have given and the time of your leaving. *A.* That is all I find.

×-*Q.* 5312. So far as you know and have been able to find, then, you have testified to all the false entries you made in this book? *A.* All I have found; yes, sir.

×-*Q.* 5313. Or on any of these books that you kept? *A.* That is all I have found.

×-*Q.* 5314. And you have testified, so far as you know and have been able to find, to all the takings of money? *A.* Yes, sir.

×-*Q.* 5315. In any of this work of taking money from the bank and concealing it, did you have the assistance of any confederate in the bank? *A.* No, sir.

×-*Q.* 5316. Did you intend to conceal from all the officials of the bank and all the other employees of the bank what you were doing? *A.* I did.

×-*Q.* 5317. Not only from the president and directors, but from the cashier, Mr. Earl, the teller, Mr. Paul, Mr. Lockhart and the messenger? *A.* Yes, sir.

×-*Q.* 5318. And, so far as you know, no one of them had any suspicion of what you were doing? *A.* No, sir.

×-*Q.* 5319. And no one of them participated in any way in the benefit of it? *A.* No, sir.

×-*Q.* 5320. Did Mr. Dresser at times speak to you in regard to the falling off of deposits? *A.* Yes, sir.

×-*Q.* 5321. Do you remember when first? *A.* No, sir; I do not.

×-*Q.* 5322. Was it in the fall of that year? *A.* I couldn't say just when it was. I have had him speak to me about it several times.

×-*Q.* 5323. The time when there was a noticeable fall in the deposits was the fall of 1909, wasn't it? *A.* Yes, sir.

×-*Q.* 5324. And he spoke to you about it, didn't he, at that time? *A.* I should think so, about that time.

×-*Q.* 5325. Do you remember what he said, or what you said? *A.* Why, I don't remember. We spoke of all things regarding why they should or should not fall off; we spoke of all the reasons we could think of, except, of course, the correct one.

×-*Q.* 5326. Do you remember of giving some reasons yourself to him? *A.* I presume I did; yes, sir.

×-*Q.* 5327. Did you tell him that people didn't put money into the bank then because money was tight? *A.* I don't remember of saying that in so many words; no, sir.

×-*Q.* 5328. And that they didn't have the money to put in? *A.* I may have said that.

×-*Q.* 5329. You were endeavoring to give some plausible reason to Mr. Dresser why the deposits were falling off, were you not? *A.* Why, he asked me for a reason; yes.

×-*Q.* 5330. And you were trying to satisfy him, weren't you? *A.* Well, he was asking my opinion. It was not up to me to satisfy him. Mr. Earl was the one to satisfy Mr. Dresser.

×-*Q.* 5331. I am not asking whether you could satisfy him, but you were the one who was causing the falling off of the deposits, weren't you? *A.* Yes.

×-*Q.* 5332. Very well. When Mr. Dresser spoke to you about the falling off of the deposits, weren't you from time to time giving him explanations or reasons to try to satisfy him? *A.* Why, if he asked me; yes, sir.

×-*Q.* 5333. And he did ask you, didn't he? *A.* He did.

×-*Q.* 5334. Do you remember telling him that the withdrawal of the Holy Ghost account was one reason for the falling off of the deposits? *A.* I may have, but I don't remember the instance.

×-*Q.* 5335. And do you remember that when you spoke of that Mr. Dresser said that he knew Mr. McIver very well — that you knew Mr. McIver very well, and that Mr. McIver told you that they were going to pay off a mortgage of ten or twenty thousand dollars? *A.* They did do it.

×-*Q.* 5336. Did Mr. McIver tell you that? *A.* He did.

×-*Q.* 5337. Did you tell Mr. Dresser that? *A.* I don't remember whether I did or not. If I did, it was correct.

×-*Q.* 5338. You told him, did you not, that Mr. McIver told you that he was going to withdraw money to pay off a mortgage? *A.* I don't remember of telling Mr. Dresser so, but I know that that was so.

×-*Q.* 5339. And that was ten or twenty thousand dollars? *A.* $10,000.

×-*Q.* 5340. Didn't you tell Mr. Dresser that it was ten or twenty thousand dollars? *A.* I don't remember of telling him at all.

×-*Q.* 5341. Did you figure up with Mr. Earl the amount withdrawn for taxes that year? *A.* I think I did.

×-*Q.* 5342. Do you remember what it was? *A.* I do not.

×-*Q.* 5343. Do you remember of figuring up that it amounted to $50,000? *A.* I don't remember the amount, but I should say that was about the amount.

×-*Q.* 5344. About the amount? *A.* About the amount.

×-*Q.* 5345. And you were figuring that up with him as a way of accounting for the falling off of deposits, weren't you? *A.* Yes, sir.

×-*Q.* 5346. In other words, your salvation depended on satisfying Mr. Dresser or Mr. Earl, in case inquiry was made about the falling off of deposits, that it was due to other causes than your stealing the money? *A.* Yes, sir.

×-*Q.* 5347. You were pretty glib in your explanations and reasons, weren't you, with those men? *A.* Pretty what?

×-*Q.* 5348. Pretty glib. *A.* I don't know as I understand what the word means, the definition of the word.

×-*Q.* 5349. Don't you think you understand it? *A.* I do not.

×-*Q.* 5350. Well, pretty ready in your talk, and plausible? *A.* Why, I don't know that I was.

×-*Q.* 5351. What do you think? *A.* Why, I gave some good reasons, I think, for the falling off of the deposits.

×-*Q.* 5352. You knew from the fact that you had been employed there so long, and that everybody confided in your honesty — you knew that any explanation that you gave, if it had a plausible sound, would be very likely to be accepted, didn't you, or you believed that? *A.* Well, I believed that they believed in my honesty; yes, sir.

×-*Q.* 5353. And that they would accept your explanation? *A.* They had accepted them; yes, sir.

×-*Q.* 5354. Yes; and you thought that they would continue to accept them, didn't you? *A.* I don't know what I thought about the subject.

×-*Q.* 5355. You must have thought that, mustn't you? *A.* I gave explanations.

×-*Q.* 5356. You knew that you were in great danger at any moment, unless you could satisfy your superiors that everything was all right, didn't you? *A.* I tried to satisfy them that everything was all right; yes, sir.

×-*Q.* 5357. I say, you knew from day to day that you were in great peril unless you could make Mr. Earl, or, in case Mr. Dresser made inquiry, Mr. Dresser, satisfied with the truth of the explanations that you were giving? *A.* Why, at that time I knew I was only putting off the evil day; they were bound to find it out sooner or later.

×-*Q.* 5358. You hoped finally to escape altogether, didn't you, by some happy return? *A.* Yes, I hoped to.

×-*Q.* 5359. So that you didn't look forward necessarily to an "evil day" coming, did you? *A.* I did.

×-*Q.* 5360. But if you could make good the amount you had taken there wouldn't be any "evil day", would there? *A.* If I had

made good at that time I couldn't possibly have got it in back of the bank without having them know it was so.

×-*Q.* 5361. Did you, then, take this money with the intention of not ultimately returning it? *A.* I did not.

×-*Q.* 5362. You always expected to return it, didn't you? *A.* I did.

×-*Q.* 5363. Then you had confidence that you were going to get it and return it? *A.* I did up to about this time.

×-*Q.* 5364. Well, having confidence in your ability to get the money and to return it, you were all the more desirous to satisfy Mr. Earl or Mr. Dresser, if they made inquiries, by some plausible reason for the apparent falling off in deposits? *A.* Certainly.

×-*Q.* 5365. What time in the day did Mr. Edwin Dresser come to the bank? *A.* In the morning, I should say he arrived there between 9 and 9.30 to 10 or 10.30.

×-*Q.* 5366. At what time was the mail brought from the post-office? *A.* The mail was brought about — I don't know what time the messenger got it. I used to get it anywhere between 8 and 8.30.

×-*Q.* 5367. That is, an hour or an hour and a half before Mr. Dresser came? *A.* Yes, sir.

×-*Q.* 5368. And it was open at the time that he came, was it? *A.* Why, as a rule.

×-*Q.* 5369. And it was then that you took out these checks of yours? *A.* Yes, sir.

×-*Q.* 5370. So that Mr. Dresser was never at the bank when that package was opened, was he? *A.* I don't think so.

×-*Q.* 5371. By the time he arrived everything had been distributed in the way that has been testified to here? *A.* Yes, sir.

×-*Q.* 5372. Taking, for illustration, the package of exhibits marked under one number "Exhibit 39", which includes a check of Van Blarcom on the Union Bank for $3,500, to the order of Lockhart; a check of Mr. Earl, cashier, to the order of the clearing house, for $6,042.33; a little slip from the Union Bank, and a notice from the clearing house of December 4, did Mr. Earl see or have in his possession any of those exhibits before drawing his

check, except the notice from the clearing house? *A.* He had all of them there except the Van Blarcom check.

×-*Q.* 5373. Did he have this list from the Union Bank? *A.* He did.

×-*Q.* 5374. Whose pencil checks are these on this list from the clearing house? *A.* I couldn't say. They may be mine; they may be the messenger's.

×-*Q.* 5375. At what stage in the business of the bank were those checks made? *A.* Earl's checks?

×-*Q.* 5376. I mean the pencil checks now at the right of the items. *A.* Early in the morning.

×-*Q.* 5377. What was the object of making them? *A.* They were ckecked off to see that the footings were taken off the individual slips correctly.

×-*Q.* 5378. After the package from the post-office had been opened, and you had extracted your own checks, did you or somebody else put on Mr. Earl's desk the notice from the clearing house? *A.* As a rule, Mr. Earl came over and got it.

×-*Q.* 5379. What? *A.* As a rule, Mr. Earl came over and got it.

×-*Q.* 5380. Got it from you. And did he get from you at the same time the list from the Union Bank? *A.* He got all the lists, including the Union Bank list.

×-*Q.* 5381. You say "all the lists". There were not but two papers that he got? *A.* Yes; he got fifteen papers that day.

×-*Q.* 5382. No, no; I am talking about this particular lot of exhibits. So far as that lot of exhibits is concerned, the only papers he got from you were the clearing house notice and the list from the Union Bank, weren't they? *A.* He got them; yes, sir.

×-*Q.* 5383. You mean that he got similar papers in reference to other items in the accounts? *A.* Yes, sir.

×-*Q.* 5384. In no case, of course, having any knowledge of the Van Blarcom checks? *A.* No, sir.

×-*Q.* 5385. Or any knowledge of your checks which you had drawn? *A.* No, sir.

×-*Q.* 5386. Now, this list down at the bottom represents what? Take those different items, what do they represent? *A.* The

$1,107.50 represents the amount of our clearing to the First National Bank. Then there are three amounts that represent our clearing to the National Shawmut Bank.

×-*Q.* 5387. Go on. *A.* The total amount, $9,306.47, is the total amount of our clearing house that morning.

×-*Q.* 5388. What does that mean,— the total amount that you were to pay? *A.* Yes, sir.

×-*Q.* 5389. That was the amount that you were to pay? *A.* Yes, sir.

×-*Q.* 5390. Where does the other side of the account appear? *A.* The other side appears on the cash book.

×-*Q.* 5391. His check is drawn for the difference, isn't it? *A.* His check is drawn for the clearing house, the First National Bank, and charging the Shawmut Bank the amount of those checks that come from there.

×-*Q.* 5392. That is, this footing, $6,042.33, is the footing of seven or eight or ten items which are above it? *A.* Yes, sir.

×-*Q.* 5393. And that is the amount for which his check is drawn for the clearing house? *A.* Yes, sir.

×-*Q.* 5394. Then he sends a separate check to the First National Bank? *A.* Sends a separate check to the First National Bank, and charges the National Shawmut Bank.

×-*Q.* 5395. Because he had an account with the Shawmut Bank? *A.* Yes, sir.

×-*Q.* 5396. Now, this list of items which go to make up the footing of $6,042.33 includes, of course, the checks which you had drawn? *A.* Yes, sir.

×-*Q.* 5397. Where do they appear in that list? *A.* They appear in this amount here, $3,519.56.

×-*Q.* 5398. They are included in the footing of $3,519.56? *A.* My check is there.

×-*Q.* 5399. And the $3,519.56 is the amount of the footing of this slip from the Union Bank? *A.* Yes, sir.

×-*Q.* 5400. But there is nothing on that to indicate whose checks they were? *A.* No, sir.

×-*Q.* 5401. So that Mr. Earl had absolutely no information in

regard to whose checks those were? *A.* No, sir; except he usually asked me who drew the largest checks.

×-*Q.* 5402. What did you tell him? Tell him the truth? *A.* In some instances; yes.

×-*Q.* 5403. Sometimes you told him the truth, and in some instances you did not? *A.* Yes, sir.

×-*Q.* 5404. So that if he put to you that question you didn't disclose anything to excite any suspicion on his part that you were drawing the checks, did you? *A.* Tried not to.

×-*Q.* 5405. And you succeeded, did you not? *A.* So far as I know.

×-*Q.* 5406. What did you do with your checks, your own checks? Did they come back to you finally, the checks that you drew? *A.* Why, they came in that morning.

×-*Q.* 5407. What did you do with them? *A.* Took them out and put them in my pocket.

×-*Q.* 5408. Did you destroy them at once? *A.* I did not.

×-*Q.* 5409. When did you destroy them? *A.* They were destroyed on the train between Cleveland and Chicago, most of them; some were not destroyed.

×-*Q.* 5410. Have all been destroyed except those three or four that have appeared in evidence here? *A.* So far as I know.

×-*Q.* 5411. Were you employed at any time, or did you render services, in connection with the opening of the books of the Harvard Trust Company? *A.* I was.

×-*Q.* 5412. When was that? *A.* I don't remember the year.

×-*Q.* 5413. About how long before 1910? *A.* I should say two or three years.

×-*Q.* 5414. Who asked you to serve there? *A.* Mr. Walter F. Earl, the cashier of the First National Bank at that time.

Mr. PILLSBURY. Is it the Mr. Earl who went into the Harvard Trust Company?

The WITNESS. Yes, sir.

×-*Q.* 5415. That was the time of the organization of the company? *A.* Yes, sir.

Mr. NAY. The First National Bank changed into a trust company.

Mr. MORSE. Yes.

×-*Q.* 5416. And this Mr. Earl was the cashier of that bank? *A.* Yes, sir.

×-*Q.* 5417. Was he any connection of Mr. Earl of the National City Bank? *A.* No, sir.

×-*Q.* 5418. What did you have to do with the matter of opening those books? *A.* I believe I assisted the bookkeeper in opening up the books, transferring from one book to the other, from the First National Bank to the Harvard Trust Company.

×-*Q.* 5419. How long were you employed in that work? *A.* I worked one day and one night, I believe.

×-*Q.* 5420. Did you get a letter, or some acknowledgment of your services? *A.* I believe so.

×-*Q.* 5421. From Mr. Earl? *A.* I believe I did.

×-*Q.* 5422. Why didn't they have someone in the bank do it? *A.* Why, they did have somebody in the bank, but I presume they wanted some outside assistance; all the clerical force of the First National Bank were working at that time.

×-*Q.* 5423. What part of the work did you do? *A.* Why, I helped them open up the new books, transferring from the First National Bank to the Harvard Trust Company; everything had to be transferred between certain dates, and open up business the next day, and all books had to be transferred,—all entries and items.

×-*Q.* 5424. Do you remember giving any other reasons to Mr. Dresser, or any of the directors, for the falling off of the deposits than what you have stated? *A.* I don't remember any. There are several that I may have given.

×-*Q.* 5425. And several that you did give, didn't you? *A.* Undoubtedly I did.

×-*Q.* 5426. You were thinking up reasons, I suppose, to give them from time to time, weren't you? *A.* I don't know as I was thinking them up. If I was asked, I most always gave a reason.

×-*Q.* 5427. That was the vital thing for you to do, to satisfy them, in case any inquiry was made about the falling off in deposits, wasn't it? *A.* Why, I tried to satisfy them; yes, sir.

×-*Q.* 5428. I believe I have asked you before, but I will ask you

now, whether in the whole course of your connection as bookkeeper with the bank any false entry was made in any pass book of a depositor? *A.* None that I remember of. I don't remember of doing so.

×-*Q.* 5429. Was any pass book altered or tampered with, so far as you know? *A.* Not so far as I know.

×-*Q.* 5430. And you have already said, I suppose, that whatever complaints were made, were made about small matters which were rectified, and it was usually found that the customer was wrong? *A.* Yes, sir.

×-*Q.* 5431. Before adopting this system or method of concealing your frauds, had you ever known of anyone else's doing it in that way? *A.* No, sir.

×-*Q.* 5432. You originated that process, didn't you? *A.* I don't know about that. I know I —

×-*Q.* 5433. Well, so far as you know, you did? *A.* I couldn't say as to that. Yes, as far as I know, I am the first one; yes, sir.

×-*Q.* 5434. This shifting from time to time to meet different contingencies, like the examination by the bank examiner — that was, of course, all your idea? *A.* It was my idea; yes, sir.

×-*Q.* 5435. Yes. You didn't have the assistance of anybody in that? *A.* No, sir.

×-*Q.* 5436. Nobody had ever suggested to you the plan of doing it? *A.* No, sir.

×-*Q.* 5437. And you never read anywhere any account of any such method successfully pursued? *A.* No, sir.

×-*Q.* 5438. I intended, of course, by my question, to cover not only the entries on your book, but your method of drawing checks on your bank, and having those checks go through the clearing house in the way that they did in this case. *A.* I never heard of anybody doing that way; no, sir.

Mr. Morse. That is all, Mr. Nay.

*Redirect Examination.*

*Q.* 5439 (*by* Mr. Nay). You testified, under Mr. Morse's cross-examination, that when you and Earl compared the total checks at

the close of the day they agreed. I wish you would state what you mean by that, as to whether they really agreed, or whether it was a forced agreement. *A.* They really did agree, by counting in the check that I had drawn.

*Q.* 5440. Then what do you say on the question as to whether at the end of each day's business your book and Earl's book actually agreed? *A.* As far as checks and deposits are concerned, yes.

*Q.* 5441. I will ask you now as far as the totals are concerned? *A.* As far as the total balances are concerned, no.

*Q.* 5442. Will you turn to January 2, 1908?

The MASTER. Which exhibit is that?

The WITNESS. Exhibit 60. January 2, 1908.

*Q.* 5443. Now, looking at Exhibit 54, Mr. Earl's book, for 1908, what do you find to be the total amount due depositors on that day, according to Mr. Earl's book? *A.* At the close of business the amount due depositors was $334,797.98.

*Q.* 5444. That is January 2, 1908. Now, will you please figure up from the depositors' ledger on that date and tell us what the balance column, correctly added, gives as the total of the deposits of money in the individual ledger?

Mr. MORSE. Is there a footing of that column of the total balances? Is there a footing of the balance column of that date?

The WITNESS. Yes, sir; there is.

Mr. MORSE. Let him give that first.

Mr. NAY. All right. Take, then, the figures that appear on that column.

The WITNESS. $15,923.52.

Mr. MORSE. You will have to take that there [*pointing*]. Take the total as it appears.

*Q.* 5445. Were the footings extended on that day? *A.* I don't think they were. [*After examining the book.*] No, sir; they were not.

*Q.* 5446. Then take the figures that you find as the footings of the balance columns for each page on that day, and then add them together and state how much it is. *A.* [*After copying on a sheet*

*of paper the footing on each page, and then adding up the several amounts copied on to the paper.*] I make it $334,797.98.

*Q.* 5447. You make it just the same? *A.* Just the same.

*Q.* 5448. Now, Mr. Coleman, on these books, from 1907 down, how many accounts were there where the carrying of a balance of $5,000 or more was a common or ordinary thing,— in other words, what you might call large accounts, meaning by "large" ordinarily carrying a balance of $5,000 or more? *A.* I should say a dozen.

*Q.* 5449. Will you name the dozen accounts which would come under the definition of "large", as in my previous question? *A.* Cambridge Mutual Fire Insurance Company; Cambridgeport Savings Bank; the Cambridge Savings Bank; the City of Cambridge; Edwin Dresser; Gale Lumber; Holy Ghost Hospital; Frank A. Kennedy; Standard Action; Standard Diary; Sanders Estate.

*Q.* 5450. You testified in regard to the balancing of pass books at the end of the month, and how someone would call off and someone would write down. Let me ask if, from the time you had taken money from the bank, there were any occasions when pass books were balanced and when you took no part in the balancing? *A.* I don't think there were, but there might have been.

*Q.* 5451. I offered testimony, Mr. Coleman, that, having access to the vault on May 24th or 25th, 1906, you took $2,000 cash out of the vault, and replaced it the next morning. That was excluded, but I want to ask this question in that connection: How is it that you are able to fix the date exactly as your testimony went in on that point? *A.* By my father's check given to me.

*Q.* 5452. There was some reference to your having testified in the Keliher case. The only Keliher case that you testified in was the Government criminal prosecution of Keliher? *A.* Yes, sir.

*Q.* 5453. You gave, I believe, a deposition in the other suit? *A.* Yes, I did.

*Q.* 5454. You testified to Lockhart's coming into the bank at times and assisting you on the books. Can you state whether the fact that Lockhart was employed by you or the Kissel Kar Com-

pany was known to any of the people in the bank? *A.* Why, I believe so; yes, sir; to Mr. Earl.

*Q.* 5455. I wish you would state whether at this time when Lockhart was in your employ he ever came to the bank for you, and in what way? *A.* He never came to the bank to my knowledge unless the bank paid him for the services he rendered to the bank.

*Q.* 5456. No; I don't mean that; I mean in regard to his coming to the bank to get you after the close of business? *A.* Oh, he used to come, I should say, pretty nearly every day.

*Q.* 5457. Well, how? *A.* Automobile.

*Q.* 5458. Come in the automobile and get you? *A.* Yes, sir.

*Q.* 5459. And whose auto? *A.* In either mine or the Kissel Kar Company's.

*Q.* 5460. On such occasions did he ever come into the bank? *A.* Yes, sir.

*Q.* 5461. It has been brought out that in many instances the balances on the books were not extended. Will you state whether any criticism was ever made to you by anyone in the bank regarding that failure to extend balances? *A.* I don't remember any.

*Q.* 5462. You stated that you used to go out to lunch. Will you state whether or not that was a daily matter, and how long you averaged at your lunch? *A.* Why, I used to go out every day, and averaged, I should say, about an hour.

*Q.* 5463. Did you ever have any conversation with Mr. Dresser in regard to adopting the envelope system in the National City Bank? *A.* I don't know as it was with Mr. Dresser. Mr. Earl and I had a good deal of conversation about it.

*Q.* 5464. When you began keeping these books in January, 1904, what salary were you receiving? *A.* Four dollars a week.

*Q.* 5465. How long did you serve at $4 a week? *A.* Three or four months.

*Q.* 5466. Then do you remember what the increase was? *A.* They gave me $8.

*Q.* 5467. How long did you serve at $8? *A.* Several months more; and then they gave me $10.

*Q.* 5468. How long did you serve at $10? *A.* I should say a couple of years; and then they raised me to twelve.

*Q.* 5469. And what salary were you receiving when the bank closed? *A.* Twelve dollars.

*Q.* 5470. Now, Mr. Coleman, will you tell me the day and year that you were born? *A.* I was born February 13, 1886,— I was told I was born that day.

*Q.* 5471. In testifying under Mr. Morse's cross-examination, you stated that you made sundry exchanges of checks with Reinhardt in March of 1907. Was that year correct? *A.* I don't remember of making any such statement.

*Q.* 5472. It was an inadvertence, but it got into the record, I am quite sure. What was the year that you had the dealings with Reinhardt, the bulk of them? *A.* 1909.

*Q.* 5473. What was the custom there in the bank if a depositor really overdrew his account, — I mean what steps were you, as bookkeeper, on ascertaining that fact, to take? *A.* I was supposed to notify Mr. Earl and the teller that such and such a person's account was overdrawn.

*Q.* 5474. You stated this morning on cross-examination that Mr. Earl conversed with you at times about the withdrawals from the bank. Did he at any time ask to see the large checks that had come in? *A.* I don't know whether he asked to see the large checks. He has asked me a good many times who drew the large checks.

*Q.* 5475. But he has not asked to see them? *A.* Not that I remember.

*Q.* 5476. In regard to your testimony about some $50,000 being withdrawn for taxes in the fall, whether or not this was an annual draft? *A.* Yes, sir.

*Q.* 5477. And do you know of your own knowledge as to whether the tax-payers increased their deposits prior to tax-paying time? *A.* Why, the last two or three years they put in part of the checks that were drawn to their credit in the bank.

*Q.* 5478. To whose credit? *A.* To the credit of the City of

Cambridge. Previous to that they were deposited with the Harvard Trust Company.

*Q.* 5479. You testified this morning that you helped in opening the books of the Harvard Trust Company. Do I understand that you were called in there as an expert, or simply to do clerical work? *A.* Simply to help them out.

*Q.* 5480. To do clerical work? *A.* Yes, sir.

*Q.* 5481. Did you, in any conversation which you had with Mr. Earl, or any other person in the bank, in regard to the apparent falling off of deposits, have any conversation regarding individual accounts that had been withdrawn from the bank or drawn down to unusually low figures? *A.* I don't remember any.

*Q.* 5482. Were any questions asked you on those points? *A.* There may have been, but I don't remember them.

The MASTER. Was there any conversation on the other side of that, — whether the people were depositing as much money as they had been accustomed to, — whether the general total of deposits ran along about the same?

The WITNESS. No. Of course the conclusion was that they were drawing out more money than they were putting in.

The MASTER. But you were talking about balances, that is all.

The WITNESS. The books show that.

*Q.* 5483. I will call your attention to what appears on pages 490 and 491 of the record [*passing to the witness the stenographic report*]. After calling your attention to the testimony on pages 490 and 491 regarding an $1,800 discrepancy, I ask you to look at your own account on that same day, December 23, 1909, and state what you find there. *A.* I find a deposit of $1,800.

*Q.* 5484. That was not called to your attention at the time of the other testimony. With that before you, can you state whether that $1,800 represented a fresh taking or not? *A.* I should say the $1,800, that footing on the 24th, represents a fresh taking; yes, sir.

*Q.* 5485. And has the $1,800 deposit, or apparent deposit, to your credit on December 23 anything to do with it? *A.* I can

tell by looking at the cash book [*proceeding to examine the cash book*].

*Q.* 5486. As a result of your examination of Mr. Earl's book, do you say that you did deposit $1,800 on that day? *A.* On the 23d of December; yes, sir.

The MASTER. Did you make an actual deposit, or did you give yourself credit for it?

The WITNESS. I made an actual deposit.

The MASTER. Does that change the testimony in regard to the $1,800 discrepancy?

The WITNESS. No, sir.

The MASTER. That remains still a fresh taking?

The WITNESS. A fresh taking.

*Q.* 5487. You found, did you not, Mr. Coleman, some stub books, which have been marked for identification "Exhibits 138", "139" and "140", over at your house a few days ago? *A.* Yes, sir.

*Q.* 5488. With these to refresh your memory, I ask you to give me the date and amount of a certain check, the stub of which I have pointed out to you, if you are able to. *A.* On December 13, 1907, W. L. Hayden, to the amount of $124.07. It says: "For account in office."

Mr. NAY. Showing an account which we think we can connect.

*Q.* 5489. Will you state if you drew another check? *A.* September 3, 1907, Towle & Fitzgerald, "For National Mining Exploration", $841.

*Q.* 5490. Can you give us the facts in regard to another check? *A.* September 10, 1907, W. L. Hayden, check, $679.79.

The MASTER. What does he state about it? He looked at a stub. Is his memory refreshed so that he can testify to the facts?

The WITNESS. I am stating what is on the stub.

*Q.* 5491. With that before you, can you state whether you did or did not draw and give such a check? *A.* I did.

*Q.* 5492. With this stub before you, can you testify as to another check? *A.* September 19, 1907, W. L. Hayden, $1,112.50.

*Q.* 5493. Just what do you mean by that? *A.* That I gave him a check for $1,112.50.

*Q.* 5494. Pointing to this stub, can you state whether or not you drew another check; and, if so, to whom, and the amount? *A.* September 19, 1907, check to Martha C. Smith, "for account of Smith", $100.

RICHARD W. WRIGHT.

"I am a certified public accountant, practising in Boston, and have been such since 1894. I made an examination and audit of the books of the National City Bank of Cambridge in July and August, 1903."

Further worked in connection with this audit in 1903, following it up in June and July, 1904.

It was just before Earl became cashier that Wright was employed by the bank.

*Q.* 1. Can you tell the total time that you put in? *A.* In July, three and a half days of my own time and four days of Mr. Andrews'.

*Q.* 2. And the later time that you testified to, how much more? *A.* In June, five days of Mr. Andrews' and in July one day of my own time — six days more.

*Q.* 3. Please state what that audit and examination of the books consisted of. *A.* It consisted of taking the condition as of July 30, 1903, and testing out all the resources and liabilities in connection with that condition. All the time I put in I think was necessary. My charge for making that audit in July and August, 1903, was $111.75, and in 1904, $70. Total, $181.75."

[*Mr. Wright's report of the audit was introduced in evidence.*]

"The occasion of my doing further work in June and July, 1904, was in attempting to trace out errors found in the previous work. It was not an audit of matters since July, 1903."

On *cross-examination* he testified he made no written report to the bank of his examination of 1904, but simply wrote a short letter stating that he had attempted to trace the different errors, which letter was offered in evidence, and marked as "Exhibit 104". The depositors' ledger, at the time he made his audit, was not kept by Coleman. Coleman came in some time later. Witness could not state the amount of errors referred to in his report (Exhibit 104). These errors were not of large amount, and auditor was of the

opinion they were due to inaccuracies in handling the cash and general work.

×-*Q.* 4 (*by* Mr. MORSE). What was the amount of those errors that you refer to in that report? *A.* I don't think I have a record of those.

×-*Q.* 5. Well, can you state approximately? *A.* No, sir; I cannot.

×-*Q.* 6. Was it a large or a small amount? *A.* I imagine it was quite a substantial amount; I don't recall.

×-*Q.* 7. Well, if it was a considerable amount, wouldn't you have said something more than this about it? *A.* Well, yes, I imagine that if it was a very large amount I would have mentioned it in detail.

×-*Q.* 8. Well, why didn't you go into this more minutely at that time, and state specifically what the errors were? *A.* That I don't know.

×-*Q.* 9. You were not called off, or checked in any way in the examination, were you? *A.* Well, I think the time was limited, in a way, as I recall it.

×-*Q.* 10. By your contract, do you mean? *A.* Well, yes; I would take — the probabilities are that I said I would take a few days to try and follow out those errors.

×-*Q.* 11. Can you recall with any real accuracy just what occurred between you and Mr. Dresser, or between you and Mr. Gale, about this? *A.* No, sir; I cannot.

×-*Q.* 12. Do you remember who it was that spoke to you about it? *A.* I don't remember anything more than is shown there in those reports. I have a great many examinations, you know, and I don't keep the details in mind.

×-*Q.* 13. You haven't any memorandum in your possession now — *A.* I have a memorandum here showing who the officers were, but I don't recall just whom I took that up with.

×-*Q.* 14. Have you anything which will show to the master what the inaccuracies or errors were that you then found? *A.* I think I have something here; I haven't gone over this very recently. Well, I say here: "Take, for instance, the following cases: First,

on April 21st, 1904, Mr. Roaf sent to the National Shawmut Bank $4,200, and charged them up on the cash book with $4,000, showing marked negligence in handling the cash. Second"—

×-*Q.* 15. A mistake of $200 there,—is that it? *A.* A mistake of $200; that is it; yes, sir.

×-*Q.* 16 (*by* Mr. PILLSBURY). What was that name? *A.* Roaf, I have it. I don't seem to recall the gentleman.

×-*Q.* 17 (*by* Mr. MORSE). Anything else? Do you find anything else? *A.* I say here: "Second: In counting up legal tender notes, April 30th, 1904, a package said to contain, from outside marking on same, $10,950, was found to only contain $10,700, a difference of $250; but it is understood that Mr. Roaf said he had not verified the figures on this package for many days." Those are all the notations I have.

×-*Q.* 18. Will you allow me to see the paper? *A.* Yes, sir.

[*The paper referred to is examined by Mr. Morse.*]

×-*Q.* 19. Who was Mr. Roaf? *A.* I don't recall.

×-*Q.* 20. Did he hold some official position there? *A.* Yes; I think he must have done so.

×-*Q.* 21. Do you remember whether he was cashier or bookkeeper? *A.* Probably he was the bookkeeper.

×-*Q.* 22. Well, that was before Mr. Coleman came, then? *A.* Oh, yes; I think so.

×-*Q.* 23. This was 1904, as I understand it? *A.* Yes, sir, that last memorandum was 1904.

×-*Q.* 24. You were employed for several days—did you say five days—in that work? *A.* Three and a half days in July, 1903—do you mean 1904?

×-*Q.* 25. Yes, 1904. *A.* In 1904 I took a day of my time and five days of Mr. Andrews' time,—my assistant's time.

×-*Q.* 26. And that is all the memorandum you have of errors in the accounts at that time? *A.* Yes, sir, that one there.

×-*Q.* 27. Do you remember who was cashier at that time? *A.* No, sir, I do not. As I recall, the cashiers were being changed about that time.

Mr. NAY. It appears that Mr. Earl succeeded Mr. Davis about that time.

×-*Q.* 28 (*by* Mr. PILLSBURY). Do you know who the directors were at that time? Do you happen to remember whether Mr. David A. Barber was a member of the board? *A.* I have a memorandum here; that is all I remember about it. It gives the names of the directors.

×-*Q.* 29. Well, all I ask you is whether you have any knowledge on that point, as to whether Mr. Barber was at that time a member of the board. If you have anything there that will enable you to answer it, you may do so. *A.* I beg pardon; what was the name, please?

×-*Q.* 30. David A. Barber. *A.* I have a memorandum as follows: "Directors of National City Bank"—

×-*Q.* 31. All I need to know is whether Mr. Barber appears to have been a director at that time? *A.* No, sir, he does not.

×-*Q.* 32. Have you ever met him? *A.* Mr. Barber?

×-*Q.* 33. Yes. *A.* No, sir; I don't recall that I have.

×-*Q.* 34. The gentleman that sits on the bench there. *A.* I don't think so.

×-*Q.* 35. So far as you know, has Mr. Barber ever seen or heard of this report of yours, or of your work done there? *A.* I don't know; I don't know that he has.

×-*Q.* 36 (*by* Mr. BUNKER). Does Mr. George E. Richardson's name appear on your list of directors at that time? *A.* No, sir.

*Redirect Examination.*

*Q.* 37 (*by* Mr. NAY). It appeared that this report was addressed to Mr. Gale. Will you state whether you saw or conversed with any of the other officials of the bank with regard to anything connected with that report? *A.* I don't think that I did; I don't recall that I did.

*Q.* 38. Do you recall whether you did with the president? *A.* No, sir; I don't seem to recall him in connection with it.

*Cross Examination resumed.*

×-*Q.* 39 (*by* Mr. MORSE). Aside from the fact that that report is addressed to Mr. Gale, have you any recollection of what you did with the report? *A.* What I did with the report?

×-*Q.* 40. Yes. *A.* I probably mailed it to Mr. Gale.

×-*Q.* 41. But that is a matter of inference, and not of recollection, isn't it? *A.* I don't recall; no, sir.

×-*Q.* 42. At this moment you don't remember what you did with it? *A.* No, sir; I don't remember whether I mailed it or gave it to him; no, sir, I don't.

×-*Q.* 43. You don't remember that you did either of those things, do you? *A.* I undoubtedly mailed it if I didn't see him.

×-*Q.* 44. But that is because you find his name upon it; you haven't any recollection one way or the other? *A.* I don't remember definitely about it.

Mr. MORSE. That is all.

×-*Q.* 45 (*by* Mr. NAY). Who paid your bill, Mr. Wright? *A.* I presume the National City Bank paid it.

THOMAS B. BRADY.

"I am connected with the stock brokerage concern of Edward Brady & Company. Coleman had at times a small account with us, for short times, three or four times. Coleman paid money into that account. February 24, 1909, he paid $315. Deposited a check on the National City Bank. July 17, 1909, $3,000. October 22, $1,800. February 3, 1910, $3,000."

JERE ARTHUR DOWNS.

"Am a member of the banking firm of Hayden, Stone & Company. Coleman had an account with our concern, and made payments to it on September 4, 1907, $840. March 30, 1908, $681.25, April 6th, $660. April 7th, $674. April 10th, $640. April 15th, $315. May 15th, $460. May 19th, $1,475. December 1st, $840. June 8, 1909, $916.25."

*Q.* 1 (*by* Mr. NAY). Now, are you able to tell, Mr. Downs, in what form he made those payments, or any of them?

Mr. MORSE. Is there any claim that these transactions of Coleman were known to any of the directors?

Mr. NAY. Oh, no.

*Q.* 2. Can you tell in what form he made those payments, or any of them? *A.* By check.

*Q.* 3. By checks? *A.* Yes, sir.

*Q.* 4. And do you know on what bank they were drawn? *A.* I do not know in every case, and know in only two cases by referring to the banks where our deposits were made on the days in question.

*Q.* 5. That is, you have looked it up, and been able to find out as regards two payments? *A.* Two payments.

*Q.* 6. Which ones were those? *A.* March 30, 1908, a check on the United States Trust Company. June 8th, 1909, on the National City Bank of Cambridge, $916.25.

*Q.* 7. Now, as to those you have not been able to trace out, you do not know one way or the other as regards whether they came from the National City Bank or not? *A.* I do not, sir.

*Q.* 8. And will you tell his Honor how it is that you have been unable to find out what the facts are on that point?

WALTER G. DAVIS.

"Am treasurer of the Central Trust Company of Cambridge. Its banking rooms are within four blocks of the National City Bank. Was connected with the Central Trust Company from 1905 to the present time, and am familiar with its business."

*Q.* 1 (*by* Mr. NAY). Will you name the trust companies in Cambridge, and state in a general way how far each one was located from the National City Bank? *A.* The Harvard Trust Company was nearest to the east; they were within a block and a half. The Central Trust Company was the next nearest to the east; and they were within four blocks. The Cambridge Trust Company was the only other one, and they were about a mile to the west, up near Harvard Square.

[*A statement of the Gale & Stone account was admitted, by consent, and marked* "Exhibit 105".]

FRANK VAN BLARCOM.

"I reside in Boston. Was for a while in charge of Reinhardt's Boston brokerage office, from July, 1906, to March, 1910. I was the manager, with several under me. I had personal knowledge of all checks paid out, had to sign them, and had knowledge of

what checks came in during the day. Bookkeepers kept the stub books. I used to have a trial balance got out every day, showing all transactions. Am familiar with contents of the check stub books."

*Q.* 1. Refreshing your recollection from this, can you state as to certain payments made by Coleman, as to certain checks drawn by Coleman, on the National City Bank, that came in to the Reinhardt account? *A.* I can.

[*It is agreed that none of these checks or transactions were known to the president or any of the directors.*]

"On January 23, 1909, Coleman gave us a check of $1,410, drawn on the National City Bank. On January 26, 1909, he gave us another check of $1,912.50. On March 3, 1909, another of a thousand dollars. On March 5, 1909, another of a thousand dollars. On March 15, 1909, $1,500. September 25, 1909, $2,000. November 10, 1909, $3,500. November 10, 1909, $60. Same date, $500. November 20th, $3,000. December 8, 1909, $3,500. December 14th, $4,000. December 23d, $1,815.61. January 15, 1910, $4,000. January 18, 1910, $3,000. And another, same date, $1,000.

"I have looked the matter up, and from other sources am able to testify as to certain other payments to Reinhardt by check as follows: March 20, 1909, $1,500. May 14, 1909, $3,462.50. May 19, 1909, $4,000. June 2, 1909, $2,000. June 10, 1909, $3,000. June 25, 1909, $3,000. July 2, 1909, $2,500. November 28, 1908, $845. December 1, 1908, $5.00. January 5, 1909, $680. August 10, 1908, $1,318.75."

On *cross-examination* witness testified that Reinhardt was a member of the Boston Curb Exchange.

Witness first met Coleman in 1907. The reason he exchanged checks with Coleman was for the purpose of getting Coleman's business.

"×-*Q.* 2. Did Coleman tell you whose money this was that he was using? *A.* Yes; he said it was his own.

×-*Q.* 3. Did he tell you where he got it from? *A.* Yes; he said it was left to him.

×-*Q.* 4. Did you believe that? *A.* I certainly did.

×-*Q.* 5. So that in none of the transactions that you had with him did you assume that he was using anybody else's money than his own? *A.* Certainly not.

×-*Q.* 6. And you had no suspicion that he was using any money of the bank? *A.* Absolutely none."

[*It was agreed that a copy of Coleman's account with Reinhardt might be introduced, and this account was introduced and marked* "Exhibit 106".]

On *redirect examination* witness testified:

"Coleman gave me three different reasons for having his checks cashed in Boston instead of at his own bank. One was that the bank didn't carry large bills and that he had once gone to New York with two or three thousand dollars in small bills, which made a considerable bunch, and he had had his pocket picked; whereas if he had it in thousand dollar bills, he could put it in his inside pocket and it would be perfectly safe. Another thing was that the bank did not carry much cash over there, and if he cashed the checks over there, it would deplete the cash reserve, and that he would simply have to come to Boston to get the cash and take it over there again. Another one was that they would ask him what he was doing with so much money — he said they exercised a kind of paternal feeling toward him — and he didn't care to tell them what he was using the money for; that if they saw checks in Reinhardt's name, or in my name, they would know he was playing the stock market, and consequently he didn't wish to have to answer any questions about it."

[*At this point plaintiff specially called the master's attention to the records of the director's meetings of July 20, 1903, and July 27, 1903, relating to the employment of Mr. Wright to make the examination.*]

WILLIAM E. BURRAGE.

"Am connected with the Cambridge Mutual Fire Insurance Company. That company kept an account with the National City Bank. I have drawn off a statement of the deposits made to that account and the checks drawn against it from 1907 on, including the first six weeks in 1910."

[*The statement was offered in evidence and marked* "Exhibit 107".]

CHARLES G. BANCROFT.

"Am a member of the bar, was a director of the National City Bank of Cambridge from January 11, 1910, to the close of the bank. I recall shortly before the bank closed having a talk with Mr. Gale and Mr. Bullard, Mr. Bullard being president of the Harvard Trust Company. Mr. Gale and I went over to the Harvard Trust Company, I think on Monday morning, having on the previous Thursday had some conversation with reference to taking over the National City Bank of Cambridge, as a result of which Mr. Bullard was to make an examination on the Saturday preceding the Monday when I went over with Mr. Gale to talk with him. He was to make an examination of the list of depositors and the amount of deposits, and go over their lists of assets. We went over to the Harvard Trust Company Monday morning and saw Mr. Bullard, and Mr. Bullard said: 'How much do you think your deposit is?' and I think I replied the statement showed it to be a certain amount. I cannot recall the exact amount — whatever the amount was as shown by the statement on the books. He said: 'Well, there seems to be some mistake in your calculations, because, on going over there Saturday, and going over the deposit, I found it footed up a great deal more than the amount which your statement shows.' I then said if that were the case it was unknown to me, that I had never checked up the deposit at all, but that we would go back and look the situation over and find out whether it was an error or whether there was something the trouble, whether he had made a mistake. So Mr. Gale and I immediately returned to the bank and we had some conversation in the course of going back. I think I suggested to Mr. Gale that I was afraid there might be something wrong in the institution. And we went in, and I called for the depositors' ledger. After I got back — that was the morning of the directors' meeting, and Mr. Edwin Dresser was there,— I don't recall whether Mr. Barber was there, or whether Mr. Sumner Dresser, but Edwin Dresser was there, and I proceeded to check up to a small extent the amount of the deposit,

and found that the amount stated in the daily reports which had been submitted to the directors was incorrect; and then I asked Edwin Dresser what the amount of his balance was as of that date, and Mr. Dresser took a little pass book, on which he carried his balance, out of his pocket, and said: 'Why, my balance should be fifty odd thousand dollars,' — I don't recall the figures. And I looked at the balance on the books, and as I recall it it was under $40,000, — I may be inaccurate as to the amount, — but there was a wide discrepancy. I said: 'Are you sure, Mr. Dresser, you have deducted all your checks?' He said: 'Yes.' Then I took the Edwin Dresser account and followed it back, and it was not more than five or ten minutes before I came to the place in the depositors' ledger where somebody had made a difference of $20,000 as between one page and the next. That is, there had been $20,000 deducted from Mr. Dresser's balance. And I said to Mr. Dresser: 'It looks as if there had been something wrong going on.' Then I asked Mr. Gale what his balance was and he telephoned to his office and found out, and on looking that up we found a wide discrepancy. I then telephoned Mr. Barber. I know we got the amount of his balance in some way and found there was also some discrepancy there. Then I telephoned Coleman's father and asked him if he would come up, having learned meanwhile that Coleman, the bookkeeper, had departed the preceding Thursday or Friday, and that a message had been received in some way, through a policeman, that Mr. Coleman would not appear on Saturday and that he had not appeared on Monday.

Coleman's father came up, and I said: 'Mr. Coleman, there seems to be a discrepancy in the accounts here, and I don't know how large it is, but it looks as though your son were involved in the matter. Now, I thought I would telephone you to find out what your disposition would be in regard to doing anything, — if you are able to protect your son and make good any discrepancy he may be responsible for.'

He said: 'Mr. Bancroft, I shall not do anything for the boy', and this was in the presence of Mr. Gale and Mr. Edwin Dresser, and I think the other Mr. Dresser was also there, but am not abso-

lutely certain about it, and am not absolutely certain that Mr. Barber was there at the time. Mr. Richardson was not there. Mr. Coleman said his boy had been leading a sort of life of which he didn't approve; that he had advanced $2,000 to him before, two or three years before, and that the boy hadn't even paid the interest on it; and that, even if he were able to do it, he felt that if the boy had been guilty of any crime, he thought it would be better for him to take the consequences; and he said that he had known of the sort of life the boy had been living, and had thought at times that perhaps he ought to go up to the bank and tell the directors about it, but he said that it was done in such an open way that he assumed that perhaps they did know about it. At any rate, he talked about it a little more, and then Mr. Coleman went away. Then I said to the directors that it seemed to me the discrepancy was so large they ought not to receive any more money deposits, and that I would go over and see the bank examiners and recommend that the bank be closed, and would go to Washington that night and see the Comptroller. And I went over and saw the bank examiners, and the result of that and my trip to Washington was that the bank was closed and a receiver appointed.

When I got back from the Harvard Trust Company with Mr. Gale and started to look for discrepancies, I shouldn't think it was over fifteen minutes before I found them. As to the amount, I don't recollect the exact amount of Mr. Dresser's balance, but my recollection is that it was a very substantial sum, in the actual accounts, the accounts that we checked up,— I think we checked up the Standard Diary Company, Mr. Gale's account, Mr. Barber's account and Mr. Dresser's personal account. It was an amount sufficiently large so that I saw the bank was probably insolvent. I am not an accountant. I think I had only attended three meetings of this bank."

*Cross Examination.*

×-*Q.* 1 (*by* Mr. Morse). You were aware of the fact that Mr. Bullard had been examining the condition of the bank before that? *A.* Mr. Bullard made his investigation, as a result of a conversation

which I had with him, for the purpose of determining what the fair value of the stock then was.

×-*Q.* 2. Yes. And he had the results of that examination on paper? *A.* Not that he gave me; no. He may have had the results on paper, but he simply told me that there was a wide discrepancy between the deposits and the figures that we had as the deposits.

×-*Q.* 3. That is to say, your figure was the one shown by the books? *A.* My figure, the figure which I had, was the figure which appeared in the statement furnished to the directors at their meetings by Mr.—

×-*Q.* 4. At the meeting that day? *A.* Well, it had varied a matter of $4,000 in a week. I have the general figure in mind, but I don't remember whether it was $180,000 or $200,000. I didn't have the specific figure in mind at that time.

×-*Q.* 5. Were you personally familiar with the way in which those books were kept? *A.* No.

×-*Q.* 6. And, of your own motion, could you have gone to that book and discovered the discrepancies if your attention hadn't been called to them? *A.* I could, Mr. Morse, because I had had some familiarity — I was somewhat familiar with bank books.

×-*Q.* 7. But in this particular case your attention was directed by what Mr. Bullard said? *A.* Simply to the fact that there was a discrepancy.

×-*Q.* 8. Yes. And that led you to make these inquiries of these gentlemen, Mr. Dresser and Mr. Gale, and so on? *A.* Yes. I had the book brought in, and added up the columns, and of course I immediately saw that there was a discrepancy; and in fact it was possible to see where certain changes had been made.

×-*Q.* 9. In how many accounts did you find discrepancies yourself? *A.* Why, as I say, I think at that time a matter of five or six. I am not positive that it was more than four, but at least —

×-*Q.* 10. Can you remember any others besides Mr. Gale's and Mr. Dresser's? *A.* Mr. Gale's and Mr. Dresser's, and I think the Asphalt — Mr. Barber's concern — I don't recall specifically, Mr. Morse. They were such accounts as we could easily get hold of and verify; those I checked up.

×-*Q.* 11. I suppose that as soon as you discovered any substantial discrepancy that was enough to lead you to believe that some action should be taken to close the bank? *A.* Not that alone; no; I made investigation enough to satisfy myself that the discrepancy was large enough to warrant closing the bank, that it was sufficiently large to endanger the solvency of the bank.

×-*Q.* 12. Had you before that time made any examination of the books of the bank? *A.* No; I had not. Before I went in, before I bought the stock and went in as a director, a gentleman in connection with whom I did buy the stock examined the asset ledger, and the asset ledger was the only thing that he did examine.

×-*Q.* 13. How long had you been an owner of stock in the bank? *A.* I beg your pardon?

×-*Q.* 14. How long had you been an owner of stock in the bank? *A.* Why, I don't remember whether it was — whether that stock was bought just shortly before I became a director, or six months before, Mr. Morse.

×-*Q.* 15. When did you become a director? *A.* I was elected a director at the annual meeting just prior to the failure, namely, January 11, 1910.

×-*Q.* 16. So that you had been a director about six weeks at the time that the bank closed? *A.* I had attended three or four meetings. I may have been a director six weeks.

×-*Q.* 17. Now, at any of the meetings which you attended, or at any time while you were in the bank, prior to the time when Mr. Bullard called your attention to this discrepancy, had you personally examined the daily balance book? *A.* Not the depositors' ledger at all.

×-*Q.* 18. And you had not known or suspected that there was any discrepancy in the accounts, had you? *A.* I had made no investigation at all; no.

×-*Q.* 19. And had seen no evidence that anything was wrong or irregular about the conduct of the bank? *A.* No; I had not investigated that.

×-*Q.* 20. No; but what I mean is that, in the time that you had been a director, although you had been in the bank several times

and had attended the meetings, you had not seen anything that led you to think that anything was wrong or irregular? This daily balance book was not brought in to the directors' meetings, was it? *A.* No.

×-*Q.* 21. But you had a written report from the cashier? *A.* The cashier, at each meeting of the directors when I was present, presented a slip showing the deposits, the assets, liabilities, etc.

×-*Q.* 22. Do you remember a conversation with Mr. Sumner Dresser earlier than that, along in the fall, in regard to a falling off of deposits in the bank? *A.* I remember I had conversations with both Sumner Dresser and with his father. Just when those conversations took place I couldn't remember.

×-*Q.* 23. Just what were those conversations? *A.* I became interested in the bank primarily through Mr. Jones, whose wife and whose wife's sister owned a considerable block of stock. As a result of the apparent decrease in the deposits, Mr. Jones wanted me to go on the board and see what should be done, in a way,— whether the bank should be liquidated. Upon its statement it was solvent. The stock, upon the statement, on the strength of which I bought my stock, was worth $120, or something of that sort, I think. I talked with Mr. Dresser about the decrease in the deposits, both Mr. Sumner Dresser and his father, and asked them whether it was simply a case of dry rot, or whether the business had left as the result of competition, or what the trouble was; and they seemed to think that it was due to competition very largely; spoke of the interest that was being paid on deposits by the trust companies there. I think that that was about the result of the conversation.

×-*Q.* 24 (*by* Mr. Nay). What did they say on that point, if Mr. Morse has no objection to my asking that question at this point? *A.* I can't recall accurately, Mr. Nay. I do recall that we had several conversations. It was suggested that I go on the board some time before I was actually put on, but Mr. Dresser, Sr., opposed it, and wouldn't consent that I be put on, or that Mr. Goddard, who was put on at the same time, be put on as a director, until Mr. Jones went over and had a talk with him and suggested

that some new blood should be put on, and that we find out what the trouble was. Then Mr. Dresser, Sr., said that he was very willing to consent, after having talked with Mr. Jones.

×-*Q.* 25 (*by* Mr. MORSE). You learned from Mr. Jones that he had examined the books, did you not? *A.* Oh, no. I went over with Mr. Jones personally and talked with Mr. Dresser. Mr. Jones didn't examine the books at that time. Mr. Jones had seen, what was perfectly obvious from the reports, that the deposits were falling off. Of course if the money had been in there, then it really appeared, upon the report, that the bank was absolutely solvent.

×-*Q.* 26. If I understand it, one object which you had in mind, possibly the principal one, in becoming a director was to represent Mr. Jones' interests? *A.* In a way. I shouldn't have gone on to the board if it had not been for Mr. Jones.

×-*Q.* 27. And yet you had not made any examination of the books yourself? *A.* In response to that, I will say that Mr. Goddard, another director, and I had discussed and had made arrangements to employ an outside examiner, I think a week previous to the failure.

×-*Q.* 28. If you will pardon me, my question was, you hadn't made any investigation of the books yourself? *A.* Oh, no, except of the assets ledger. I had run that over to see if there were any bad pieces of paper.

×-*Q.* 29. That you found to be all right? *A.* Oh, yes; I thought so. And that, I think, turned out to be all right.

×-*Q.* 30. And you had an opportunity to see this daily balance book every time you went to the bank? *A.* Surely. Undoubtedly I had a right to look at it.

×-*Q.* 31. Did you ever look at it? *A.* No, sir.

×-*Q.* 32. What experience had you had with bank books yourself? *A.* Why, I had been receiver of a bank, a national bank, for three or four years.

×-*Q.* 33. What bank was that? *A.* The Jewelers' National Bank of Attleboro.

×-*Q.* 34. And were you then acting as receiver? *A.* Yes.

×-*Q.* 35. You had the books, then, under your immediate charge? *A.* Oh, yes, indeed.

×-*Q.* 36. And you had, of course, examined them? *A.* You mean the books of the bank of which I was receiver?

×-*Q.* 37. Yes. *A.* Oh, yes, indeed.

×-*Q.* 38. For some years? *A.* I think I was appointed in 1908. I am not absolutely certain.

×-*Q.* 39. And you were familiar, then, with the methods employed in keeping bank books? *A.* Oh, yes.

×-*Q.* 40. So that you had an experience different from that of the ordinary business or professional man? *A.* I think perhaps so; yes; although the books are very simple, the bank books.

×-*Q.* 41. And you were counsel for the bank, were you not, many years? *A.* Counsel for what bank?

×-*Q.* 42. Well, for any bank? *A.* Why, I have been connected with banks to a considerable extent for some years, as counsel and director and one thing and another.

×-*Q.* 43. With what banks? *A.* I was counsel and a director of the First National Bank of Clinton for several years before I left Clinton; and then I was counsel for the New England National, of which Mr. Jones was president; and there are several other banks that I have done something for.

×-*Q.* 44. In the course of that experience of course you have had to do more or less with the books of the banks? *A.* Why, to an extent, as counsel, although not to a great extent have I had to do with the books.

×-*Q.* 45. But it gave you some peculiar knowledge of the systems employed in banks? *A.* I should say so; oh, yes, indeed, Mr. Morse.

×-*Q.* 46. So that you were able to take a set of books of a bank and find out what they meant, and discover any irregularities or trouble in them more readily than an ordinary man would? *A.* Quite likely.

×-*Q.* 47. And the receivership enabled you to do that to a large extent, did it not? *A.* I became more familiar with the books during the receivership.

*Redirect Examination.*

*Q.* 48 (*by* Mr. NAY). You had not been president of a national bank for some forty years, had you? *A.* No, sir; I had never been president.

*Q.* 49. And let me ask you this, in relation to what Mr. Morse said that the Dressers spoke of the competition near by: Do you recall their saying anything to you about the rates of interest which were being paid by trust companies near by? *A.* Oh, yes, I know that that was spoken of as one possible reason why deposits had been taken away. I think they cited some instances.

*Q.* 50. What did they say as to the rates that the banking institutions near by were paying on deposits? *A.* They said that they were paying 4 per cent on inactive balances in many instances. I think perhaps that is all I recall.

*Recross Examination.*

×-*Q.* 51 (*by* Mr. MORSE). Did they state whether it was on daily balances or on monthly balances? *A.* I think they said on inactive balances, Mr. Morse; I am not sure.

×-*Q.* 52. In fact it was on monthly balances, wasn't it? You knew of that fact, didn't you? *A.* That the other trust companies were paying there?

×-*Q.* 53. Yes. *A.* I don't know whether they paid on active balances 4 per cent or not. I think they paid on inactive balances 4 per cent, but I don't know whether they did on active accounts or not.

×-*Q.* 54. No; I was not asking that. You say that on inactive accounts they paid 4 per cent? *A.* Yes; that is what I say. That was my understanding at the time.

WILSON W. LOCKHART.

"My name is Wilson W. Lockhart. I was born December 1, 1888. I was in the employ of the National City Bank, beginning January 4, 1904, at the age of fifteen. Went in as messenger. As messenger my duties were the regular messenger duties, such as going to other banks in the city, and collecting notes and drafts, and looking over checks for dates and endorsements, and assorting

those alphabetically, and keeping the different customers' checks together, and adding them up at the end of the month.

Remained as messenger until about August, 1907. Then left, going to a business college at Lynn. Prior to going to this college, had no experience as bookkeeper. While at the business college, studied shorthand and typewriting, and was there about a year and a half, leaving in January, 1909. Did not study bookkeeping. After leaving, used to go back at times and work for the National City Bank. Think I used to go back about every month. Never went back there permanently, but at times did work on the books and other work, in a general way.

Coleman and I had been friends from boyhood. I entered into business relations with him, I think, about May, 1909."

*Q.* 1. In a general way, what was the arrangement that you made with him (Coleman) as to employment? *A.* Why, he said he would have an opening in his automobile business for me in the office, and that he would give me $15 a week until such time as he could place me in there. His company was the Kissel Kar Company,

*Q.* 2. Did you ever go into the office of the Kissel Kar Company for steady work? *A.* Why, I have been in there to write letters for him several times. Never did report in the morning and work all day.

While working for Coleman he paid me $15 a week, and the work that I actually did — why, I used to travel between the shop in Malden and the office in Boston, for the parts of customers' cars, and to see what work they were doing out there, or something like that.

*Q.* 3. What work did you do for Mr. Coleman personally? *A.* I don't know that I ever did anything for him outside of that. I never drove his car. He always drove it himself.

*Q.* 4. You never acted as chauffeur or drove his car around at all? *A.* No, sir; only for my own use.

*Q.* 5. How did you happen to go into the bank and work those times? *A.* Why, I had been requested by the cashier to come there to work, and those were the occasions when I went and

worked on the books, when I had been requested by the cashier to do so.

*Q.* 6. Did you ever do it as requested by Coleman? *A.* I do not remember whether I have or not; I wouldn't say that I have and I wouldn't say that I hadn't. Sometimes Coleman was there at the bank when I was working and sometimes not. I have made entries on the books while he was there, and under his direction.

When he went off for a few days' vacation there were occasions when I kept the depositors' ledger. On those occasions I never proved up the ledger. I never made any false entries in the ledger. I never stole any money from the National City Bank.

When I went into the bank to work for a day or more I was paid two dollars a day by the bank, and when I was working for the bank I still received my fifteen dollars a week from Coleman.

[*Deposit ledger is shown the witness, who says that August 3 and 4, 1909, are in his figures.*]

*Q.* 7. I call your attention to the fact that it appears on the books that at the close of business on August 2, 1909, the balance to the credit of the Kissel Kar Company was $621.63, and that that balance was raised a thousand dollars at the close of business on August 3, 1909, and appears as $1,621.53, without any deposit being made to account for it. I ask you if you made that raise? *A.* It does not look like my figures. I don't think so.

*Q.* 8. Did you ever see anything while you were there in the bank, or hear anything, which would indicate that Mr. Coleman was speculating in stocks, or buying and selling stocks? *A.* Yes, sir.

*Q.* 9. What? *A.* Why, I have heard him telephone to brokerage offices in Boston, giving orders to sell or purchase stock for him.

*Q.* 10. Was there a telephone booth? *A.* No, sir.

*Q.* 11. Where was the telephone? *A.* Right between his desk and the cashier's.

*Q.* 12. And how near to him were the regular positions of the other employees of the bank, the teller and the cashier, Mr. Paul and Mr. Earl? *A.* Six and twelve feet.

*Q.* 13. And how far away was Mr. Dresser's desk? *A.* He was in the other room, in the directors' room.

*Q.* 14. How far do you say he was away from the cashier's desk? *A.* Not more than six feet.

*Q.* 15. On how many occasions have you heard him give orders to brokers to buy and sell stocks? *A.* I don't know, but I should think several days a week.

*Q.* 16. Was there any concealment about it? *A.* No, sir.

*Q.* 17. Can you state during what time, what months or what years, these telephone messages would be sent by him in this way, to the best of your recollection? *A.* Why, I think it was from the first time I went to work there, if I remember rightly. He always had an account with a brokerage house.

*Q.* 18. Do you mean from the time you went to work there as a messenger? *A.* Yes, sir.

*Q.* 19. And how long did it continue? *A.* As long as he was there.

*Q.* 20. As long as he was there. Did you ever hear Mr. Coleman talk with any of the directors on matters relating to the stock market? *A.* Why, if I remember rightly, I have heard him talk; yes, sir,—

*Q.* 21. With whom? *A.* —regarding different stocks.

*Q.* 22. With which one of the directors? *A.* With Mr. Dresser.

*Q.* 23. When you say Mr. Dresser, you mean the president? *A.* Mr. Edwin Dresser; yes, sir.

*Q.* 24. What was the conversation, in substance, if you can't give it in exact words? *A.* Mr. Coleman would inquire of Mr. Dresser how the market was, and inquire in regard to the actions of different stocks on the market that day.

*Q.* 25. You say Mr. Dresser came in, and Coleman would ask him about the market. What else was said? *A.* Mr. Dresser would tell him how different stocks went that day on the market.

*Q.* 26. On how many different occasions have you heard Mr. Coleman talking about stocks with Mr. Dresser, or about the market? *A.* I don't know, I am sure. I should think at least one or two days a week; sometimes oftener.

*Q.* 27. Now, can you remember any other conversations between them on that subject? *A.* No, sir.

*Q.* 28. Let me refresh your recollection. Do you recall any times when Mr. Dresser asked Mr. Coleman about stocks? *A.* I don't think that I do.

*Q.* 29. Did you know of any financial paper being subscribed for there? *A.* Mr. Coleman had the "Boston News Bureau" come there.

*Q.* 30. And was that delivered at the bank? *A.* Yes, sir.

*Q.* 31. And who subscribed for it,— the bank or— *A.* It came in Mr. Coleman's name.

*Q.* 32. It came addressed to Mr. Coleman? *A.* I understood he did.

*Q.* 33. Did you ever hear Mr. Coleman talk about or discuss the stock market or stocks with any other director than Mr. Dresser, Sr.? *A.* I have heard Mr. Barber talk stock market to him.

*Q.* 34. Can you recall any conversations? *A.* No, sir; I can't.

*Q.* 35. Just that that general subject was discussed? *A.* Just the same as any customer would come in there and he would inquire about the stock market.

*Q.* 36. You say customers would come in and ask about the stocks; did Mr. Earl refer them to Coleman? *A.* Yes, sir.

*Q.* 37. On how many occasions did that take place that you noticed? *A.* Oh, I should think twenty or twenty-five times, and possibly more.

*Cross Examination.*

×-*Q.* 38 (*by* Mr. Morse). Did you know of any false entries being made by Coleman on the books? *A.* No, sir.

×-*Q.* 39. When you worked on the books yourself you did not discover any false entries? *A.* No, sir.

×-*Q.* 40. And, as you have testified, you never made any yourself? *A.* No, sir.

×-*Q.* 41. Had you any knowledge that Coleman was taking any money from the bank improperly? *A.* No, sir.

×-*Q.* 42. What is your present occupation? *A.* I am bookkeeper for the Fiat Motor Sales Company.

×-*Q.* 43. Where is that? *A.* 839 Boylston Street.

×-*Q.* 44. How long have you been with them? *A.* Three years.

×-*Q.* 45. Is that a large concern? *A.* Yes, sir.

×-*Q.* 46. You are head bookkeeper? *A.* Yes, sir.

*Redirect Examination.*

*Q.* 47 (*by* Mr. NAY). When did you study and learn bookkeeping? *A.* I never studied it. My brother taught it to me about three years ago.

*Q.* 48. Beginning when? *A.* July, 1910.

*Q.* 49. That is, about three or four months after the bank closed? *A.* Yes, sir.

ALBERT B. ROAF.

"I live in Cambridge and am at present a bookkeeper at the East Boston Savings Bank. I was formerly in the employ of the National City Bank of Cambridge, from about the fall of 1903 to the spring of 1904. Coleman was there while I was. Prior to that time I had been messenger in several banks. Went to the National City Bank as teller. Earl was then cashier and Coleman messenger. Don't recall who was the bookkeeper. I was receiving teller and paying teller, and handled the cash. There was no teller's cage. The cash I took in and the cash that I had ready to pay out, to pay checks over the counter, was kept during the day, most of it, in the drawer, one drawer for both receiving and paying out; and the extra, superfluous bills, in large amounts, were kept in a tin box back on the table. If I had to leave the window for a few moments, the cash was not locked up. It was accessible to anyone behind the counter. The people behind the counter who might have taken it were the bookkeeper, the messenger and anyone else who was there."

*Q.* 1 (*by* Mr. NAY). Now, I wish that you would state whether any shortages took place in your cash, and state the full circumstances. Give us in as much detail as you can, Mr. Roaf, and as specifically as you can, just what —

Mr. MORSE. I would like to have him state when he observed any shortage, and of how much it was, so as to make it specific.

Mr. NAY. Yes. Be as specific as you can.

*A.* I think that the cash book will show that there was no shortage until Mr. Earl's sickness.

*Q.* 2. When was that? *A.* In the spring of 1904.

*Q.* 3. Who kept the cash book when he was gone? *A.* It was not kept. I didn't understand the book. It had been kept by Mr. Earl at all times.

*Q.* 4. And who kept it when he was sick? *A.* I say it was not kept.

*Q.* 5. How long was he out of the bank? *A.* About ten days.

*Q.* 6. And wasn't the cash book kept at all during those ten days? *A.* We had a man who came in a little bit to help; Mr. Bragg came in to assist; I couldn't do it myself, and I wanted to get some assistance on it, and I was keeping the cash myself, and the cash was coming short —

Mr. MORSE. During these ten days?

The WITNESS. Yes, sir.

*Q.* 7. How much? *A.* I couldn't say how much.

*Q.* 8. Was it in trifling amounts, or large? *A.* Trifling amounts every day.

*Q.* 9. What was the largest? *A.* Either one or two hundred dollars — say $100.

*Q.* 10. $100 short? *A.* One of the days.

*Q.* 11. And any of the other days? *A.* About the same amount. It ran along from day to day.

*Q.* 12. Until it got up to how much? *A.* Until I would notify Mr. Dresser that I was short in my cash again.

*Q.* 13. When you found a shortage in your cash did you speak to Mr. Dresser about it? *A.* I did, every time.

*Q.* 14. Tell us what those conversations were. *A.* I told him my cash was short again, and I couldn't understand it; I didn't think it was my mistake; all my slips were reckoned up right, and I didn't think I had made any mistake in paying out or receiving.

*Q.* 15. What did he say to that? *A.* Well, he said it was somewhere.

*Q.* 16. On how many occasions did these shortages take place,

on how many different occasions? *A.* Oh, I don't just remember how many different days, sir.

*Q.* 17. About how many? *A.* Well, I couldn't state.

*Q.* 18. Was it two or three, or twelve or fifteen? *A.* I should say four or five.

*Q.* 19. Do you remember what the total amount of the shortages that occurred on these several days was, what they aggregated? *A.* No, sir, I didn't know until after the books were verified, when an accountant came in and notified them of the total amount of the shortages.

*Q.* 20. They called in an accountant, did they? *A.* Yes, sir.

*Q.* 21. Who was that? *A.* Mr. Wright.

*Q.* 22. And what did he figure the shortages were that had taken place; can you recall? *A.* I have a memorandum of them, sir.

*Q.* 23. Yes, you may consult your memorandum. Made at the time, was it? *A.* Made at the time. [*The witness consults a memorandum.*] The shortages in all amounted to $1,172.85.

*Q.* 24. $1,172.85. Well, when that had been ascertained as the amount of the shortages in your cash, did you have a further conversation with Mr. Dresser? *A.* I told him I wanted to resign; I couldn't stand all these shortages, and I wanted to give up my position there.

*Q.* 25. What did he say to that? *A.* I have forgotten. I don't recall.

*Q.* 26. Did he say anything to you about your paying it up? *A.* He did; yes, sir. He wanted to know if I would make it up, what I would do in regard to it. I told him I would think it over and let him know later on. Later on I decided, after conversation with my brothers, that I would pay part of it rather than have any talk or trouble outside. I went before Mr. Dresser and the board of directors. I was called before them, and I went before them and told them that I was willing to pay up a part of the shortage.

*Q.* 27. Did you pay up part of the shortage? *A.* I did; I paid up half of the full sum,—half or a little more than half.

*Q.* 28. Have you got that receipt there? *A.* Yes, sir. I have

got the receipt of Mr. Earl for $586.43. I gave them the benefit of half a cent.

*Q.* 29. You left the bank, did you? *A.* Yes, sir, I left the bank. This receipt from Mr. Earl was given after I had left the bank.

Mr. MORSE. Have you the receipt there?

The WITNESS. I have, sir [*passing a paper to Mr. Morse*].

*Q.* 30. You say you went before the directors. Who were the directors that you went before, if you remember? *A.* Mr. Gale and Mr. Dresser. I don't know whether Mr. Barber was there or not.

*Q.* 31. Did you say Mr. Barber was there? *A.* No, I won't say that.

*Q.* 32. Mr. Gale and Mr. Dresser? *A.* Yes, sir.

*Q.* 33. Mr. Sumner Dresser? *A.* Yes, Mr. Sumner Dresser.

*Q.* 34. What conversation did you have with these directors on this matter? *A.* They wanted to know what I would do — before I made this payment they wanted to know what I would do in regard to it. I told them that I was strictly honest; that I had never taken a cent in any way or shape.

*Q.* 35. What did they say to that? *A.* They wanted to know how it could get out of the bank without my being accountable for it.

*Q.* 36. What did you say to that? *A.* I told them that I had not taken a cent, that I was perfectly honest and had never taken a cent from the National City Bank.

*Q.* 37. Was anything else said about who else may have taken it? *A.* No, sir.

*Q.* 38. And the final result was that you resigned and— *A.* Yes, sir.

*Q.* 39. Did you ever take a dollar from the National City Bank? *A.* I did not take a cent at that time or any other time.

*Q.* 40. Were you accustomed to handling money? *A.* I had been accustomed to handling money off and on ever since 1880.

*Q.* 41. Ever since 1880 up to that time? *A.* Yes, sir.

*Q.* 42. Do you know where that money that was taken went to? *A.* From the National City Bank?

*Q.* 43. Yes. *A.* No, sir.

*Q.* 44. Had you had any trouble with shortages up to this time when Mr. Earl went off? *A.* No, sir; I think not. I think that the books will show that everything was all right up to the time that he went off, when he was taken sick very suddenly.

*Q.* 45. Do you know who took that money? *A.* I don't know who took it. I know I didn't.

*Q.* 46. Now, I will ask you how certain you are that it was not a mistake on your part, in any of these instances, in receiving less than was credited to a customer, or in making an overpayment to somebody? *A.* It might have been.

*Q.* 47. While you were there as paying teller were there times when you had to leave the counter for a few minutes? *A.* There were times when I did leave the counter; yes, sir.

*Q.* 48. And for what purposes, and how long? *A.* During Mr. Earl's sickness, after the bank closed, I went out to lunch and left the money there on the counter, or in the drawer, as I shouldn't have done. There was no cage, and there was no lock.

*Q.* 49. No chance to lock it up? *A.* No chance to lock it up, unless I put it in the vault and locked it all up. When I went out to lunch I was gone but a very short while.

*Cross Examination.*

×-*Q.* 50 (*by* Mr. MORSE). You understood that as teller you were charged with responsibility for the money? *A.* Responsibility for the money; yes, sir.

×-*Q.* 51. And if there was a shortage in the amount of money on hand, you understood it was your duty to make it up, did you not? *A.* I so understood. I found it short, and I so reported.

×-*Q.* 52. Did you make any request to have a lock put on your drawer? *A.* No, sir.

×-*Q.* 53. So that when you left your drawer with money in it you knew that you were giving to other people the opportunity of taking money from there? *A.* Yes, I will say that.

×-*Q.* 54. Was there anyone left in charge of your duties as teller at that time? *A.* It was after banking hours; the bank door was closed.

×-*Q.* 55. You did not leave your cash drawer at any time during banking hours, then? *A.* No, sir.

×-*Q.* 56. And these times that you have referred to were after the bank was closed? *A.* After the bank door was closed, when no one but those inside of the bank could have access to it.

×-*Q.* 57. You understood at the time that you left your drawer at those times when it was not locked that you were running the risk of losing money? *A.* I was running the risk; yes, sir: but I supposed that they were honest like myself.

×-*Q.* 58. Did these shortages all occur within a period of ten days? *A.* Yes, sir.

×-*Q.* 59. They did not occur after Mr. Earl resturned? *A.* No, I think not.

×-*Q.* 60. And they did not occur before he left? *A.* No, sir. I think the cash book will show that everything was all right up to the time he left, because he kept the cash book and had the running of that. He knew what the cash was each and every day.

×-*Q.* 61. Did you make any effort inside of the bank to find out, or watch, as to whether anybody was taking money from your drawer? *A.* No, sir.

×-*Q.* 62. After you had discovered the first shortage did you take any extra precautions to protect your money? *A.* I did not. I had no suspicion as to who it was.

×-*Q.* 63. You did not? *A.* No, sir.

×-*Q.* 64. How soon after the shortages were discovered by you, as you understood it, did you go before the directors? *A.* I notified Mr. Dresser of it as soon as I could that I was short, and when I went before the directors I won't say just when that was —

×-*Q.* 65. When was it with reference to those ten days? How soon after Mr. Earl returned? *A.* I don't recall.

×-*Q.* 66. Did you ask to go before them, or did they summon you? *A.* They summoned me.

×-*Q.* 67. They summoned you? *A.* Yes, sir. I think I went into the directors' room twice on summons or call.

×-*Q.* 68. And they called on you for an explanation of the shortages? *A.* Yes, sir.

×-*Q.* 69. And you said that you couldn't give it, I suppose? *A.* I couldn't give it.

×-*Q.* 70. Did you tell them that it might have been your mistake? *A.* I told them that it might have been my mistake, because mistakes will happen.

×-*Q.* 71. You told them that? *A.* Yes, sir.

×-*Q.* 72. And you talked it over with them in a friendly way, and they with you; is that not so? *A.* That is so.

×-*Q.* 73. And, as the result of that, you decided to pay one-half the amount? *A.* Yes, sir; after consultation.

×-*Q.* 74. You didn't charge anybody in the bank with taking the money, did you? *A.* I didn't suspect anyone.

×-*Q.* 75. And you didn't say that you suspected anybody in the bank, did you? *A.* No, sir.

×-*Q.* 76. Did they ask you whether you did suspect anyone? *A.* I don't recall that.

×-*Q.* 77. In point of fact, did you suspect anyone at that time? *A.* I can't say that I did at that time, although they had access to the money.

×-*Q.* 78. Let me have that receipt a moment. Did you take that back? *A.* Yes, sir [*producing a paper and passing it to Mr. Morse*].

×-*Q.* 79. I don't care to keep it from you, Mr. Roaf, but I should like to have it copied by the reporter, because it may be of some value as fixing a date. *A.* Yes, sir.

[*The following is a copy of the receipt:*]

"Cambridgeport, Sep. 29, 1904.

Received from Albert B. Roaf Five hundred eighty six 43/100 Dollars In full payment of all claims to date.

The Nat'l City Bank of Cambridge, Mass.
F. L. Earl, Cash."

×-*Q.* 80. You say these shortages occurred in the spring of 1904, do you? *A.* Yes, sir; at the time Mr. Earl was out sick; but just what part I don't recall.

×-*Q.* 81. When was it that you actually left the bank? *A.* That I don't recall.

×-*Q.* 82. This receipt, I see, is dated September 29, 1904. *A.* Yes, sir; that is quite late, after I had been out quite a little while, and it was a question whether I would pay it or not.

×-*Q.* 83. Then you had resigned from the bank long before that settlement was made? *A.* Yes, sir, before that settlement.

×-*Q.* 84. How do you fix July as the time when you resigned? *A.* I said in the spring, did I not, sir?

Mr. NAY. I think that we could settle that, Mr. Morse, by Mr. Earl's book. We have a record of the weekly payments to the teller.

Mr. MORSE. I shall be glad if you will do so. This does not throw any light on the time of Mr. Roaf's resignation, but on the records of the directors, under date of October 10, 1904, is this vote:

"On motion it was voted to ch'g off to a/c of Profit & Loss $1500 on Geo. M. Smith note, $586.42 a/c A. B. Roaf (errors in cash) and $62.50 a/c Stocks, Sundries, &c."

Mr. NAY. The 1904 book shows on May 24 the last payment of salary to Mr. Roaf, which would indicate that he left about that time.

×-*Q.* 85. Was anything said at either of the conferences that you had with the directors, by yourself or anyone else, to indicate that these shortages were due to anything else than to mistakes on your part? *A.* No, sir.

*Redirect Examination.*

*Q.* 86 (*by* Mr. NAY). Let me try to refresh your recollection on one thing, Mr. Roaf. Did you not say to me that Mr. Dresser said to you that he thought you were making a good many mistakes, and that you told him that they were not all your mistakes? *A.* He might have said that I was making a good many mistakes; yes, sir.

*Q.* 87. Well, didn't you, in December, 1911, tell me that your answer to him was that you didn't make all the mistakes? *A.* Well, I didn't think I could make all those mistakes.

*Q.* 88. Well, didn't you state that to Mr. Dresser; or, more accurately, didn't you tell me that you stated that to Mr. Dresser? *A.* I won't say in regard to that, Mr. Nay.

*Q.* 89. You won't swear to it? *A.* No.

*Q.* 90. How long have you been with the East Boston Savings Bank? *A.* Off and on, for six years, sir.

*Q.* 91. As bookkeeper? *A.* Yes, sir.

*Q.* 92. Do you at times take the teller's place? *A.* I do at present.

CHARLES LEROY BRAGG.

"My name is Charles Leroy Bragg. Am now in the employ of the International Harvester Company. Was in the employ of the National City Bank on two different occasions. Was there on or about April 20, 1904, until February, 1905. After Mr. Roaf left I acted as teller. Had no trouble with my cash while I was there."

*Q.* 1. Will you tell me about the conversation you had with Mr. Dresser, when you left, about your cash? *A.* Yes, I had a conversation. I asked him to count my cash before I went. He said it would be all right. He did not count it, and subsequently I heard from him (Edwin Dresser), within two days from the time I left, to the effect my cash was short,—I think it was $25.

*Q.* 2. Now, as a fact, when you did leave, can you state to the master whether your cash was correct or not? *A.* I balanced it that day and it was right, as far as I know.

*Q.* 3. Now, you got word a little later that it was $25 short. Did you have any conversation with Mr. Edwin Dresser on that? *A.* No, sir.

*Q.* 4. What did you have? *A.* Mr. Earl came down and asked me to count it over. I came down after I got the letter and counted it up, and they asked me to make it up. And I agreed to stand half of it, and the bank stood the other half.

*Q.* 5. Will you state where the cash was kept and what the positions of the employees of the bank were as regards that cash? *A.* Well, there was a sort of railing where the paying teller stood. He had his cash in a tin box. Some of the time it was on a chair, but, as I recollect, while I was there most of the time it was kept on a desk in front of him. He had no cage.

*Q.* 6. Assume that the teller left the room for a minute, could anyone else have taken some of the cash? *A.* I don't think so, during business hours.

*Q.* 7. Well, after business hours? Anyone else in the bank, I mean. *A.* Well, yes; there were generally two there.

*Q.* 8. You don't know whether Mr. Earl talked with Mr. Dresser about the shortage or not? *A.* No. I received a reference, signed by Mr. Earl, when I left."

[*Witness also testified that on one occasion there was one shortage in a package of money sent over to the National Shawmut Bank, but he could not recall the amount of the same.*]

*Cross Examination.*

×-*Q.* 9 (*by* Mr. MORSE). These packages that went to the Shawmut Bank were sealed packages, were they not? *A.* No, not always. They had a band around them, and the amount marked on them.

×-*Q.* 10. Weren't they in sealed envelopes? *A.* Not that I remember; no, sir.

×-*Q.* 11. Whose duty was it to make up the packages? *A.* The paying teller's.

×-*Q.* 12. Do you mean to say that you didn't seal up the packages after you made them up? *A.* Put a paper band round them, and marked the amount and passed them to the messenger boy.

×-*Q.* 13. Loose, in that way? *A.* Put them in a bag to take in town.

×-*Q.* 14. Do you mean to say that there was nothing but the band around the bills? *A.* A paper band about three or four inches wide and tied up.

×-*Q.* 15. And that was all the protection that you gave? *A.* Yes, sir.

×-*Q.* 16. Who was the messenger boy at that time? *A.* Mr. Lockhart.

×-*Q.* 17. When was this shortage in that package? *A.* Oh, it was after Mr. Earl returned. I couldn't give the exact date.

×-*Q.* 18. In 1905, then, was it? *A.* No, sir. I left there in February, 1905. It must have been 1904 some time. It was in the spring, I remember, because I had to come in town to the National Shawmut Bank. As I recollect it, it was along in June.

×-*Q.* 19. June of 1904? *A.* Yes, sir.

×-*Q.* 20. Was this a package that you had made up? *A.* Yes, sir.

×-*Q.* 21. You gave it to Lockhart? *A.* No, sir; I gave it to Mr. Earl. He always counted it before it went in.

×-*Q.* 22. Did anyone else except yourself and Mr. Earl and Lockhart have to do with that package? *A.* No, sir; I turned it over to Mr. Earl. I don't know anything about what he did with it after that.

×-*Q.* 23. It was no part of Coleman's duty to do anything in regard to that package? *A.* No, sir.

×-*Q.* 24. What was Coleman doing in the bank at that time? *A.* Bookkeeping.

×-*Q.* 25. How long were you teller? *A.* Well, from the day Mr. Roaf left till the day I got through.

×-*Q.* 26. Mr. Roaf left, we will assume, the last of May, 1904. Assuming that to be a correct date, you were teller from that time to February, 1905? *A.* Yes, sir.

×-*Q.* 27. And the only shortage that occurred while you were teller was $25 — *A.* The only shortage while I worked there was $25.

×-*Q.* 28. Well, I say, the only shortage that occurred while you worked there was $25? *A.* No, sir.

×-*Q.* 29. And of that you paid half? *A.* I say there was another shortage, but I was not there that day, though I was teller at the time it happened.

×-*Q.* 30. Well, do you mean a shortage other than the one that you have spoken of? *A.* Yes, sir.

×-*Q.* 31. When was that? *A.* Well, one day I was home sick.

×-*Q.* 32. You don't know personally anything about that, then? *A.* Yes, sir. I was told of it when I came back.

×-*Q.* 33. Well, that I don't ask you about. No shortage occurred that you had personal knowledge of except the one that you testified to, did it? *A.* I don't understand your question.

×-*Q.* 34. Well, now that you understand it, you say that, do you not? *A.* I say I don't understand it. I knew it the day it happened; I was told of it. Do you mean personal knowledge?

×-*Q.* 35. I am not asking you what you were told, but I say that, to your personal knowledge, no shortage occurred while you

were teller except this one item of $25, which Mr. Earl called your attention to after you left? *A.* No, sir.

×-*Q.* 36. That is, that is the only one? *A.* Yes, sir.

×-*Q.* 37. And during all that period your practice was, I assume, not to leave the counter during bank hours? *A.* I balanced my cash and locked it in the safe and went out.

× *Q.* 38. Well, during bank hours, while you were receiving and paying out money, you were behind the counter all the time, were you not? *A.* Yes, sir.

×-*Q.* 39. And you never left the counter during that time? *A.* No, sir.

×-*Q.* 40. And after bank hours you put your money in the safe and locked it? *A.* Yes, sir.

×-*Q.* 41. So that there was no opportunity for anybody to get to it? *A.* Well, Mr. Earl had the combination, he and I, and we were the only two.

×-*Q.* 42. Only Mr. Earl and you? *A.* Yes, sir.

×-*Q.* 43. And that, you understood, was the proper thing to do, for a teller to lock up the money when he left the bank? *A.* Well, he is responsible for it.

*Redirect Examination.*

*Q.* 44 (*by* Mr. Nay). Was this other shortage that you speak about one with the Shawmut Bank? *A.* No, sir.

*Q.* 45. Did you hear Mr. Dresser say anything about this shortage the day it occurred? *A.* No, sir.

LOUIS W. CUTTING.

"I reside in Stoughton and am teller of the Stoughton Trust Company. I was at one time in the employ of the National City Bank as teller and assistant cashier. I went there, I think, after Mr. Bragg left. I knew Mr. Roaf and Mr. Bragg. I think I left there in the spring of 1905. While I was there Mr. Earl was cashier, Mr. Coleman bookkeeper and Lockhart messenger. I was the only teller. I had a good deal of experience in handling and counting money in bank work prior to my going there. I was with the First National Bank of Cambridge for about five years. I was

treasurer of the Cambridge Trust Company eleven years, and acted as teller the first three or four years, that company having no teller. This was all before I went to the National City Bank."

*Q.* 1. Will you state whether after you went to the National City Bank and became teller you found any shortages in your bank cash? And, if so, state the full circumstances and any conversation you had with Mr. Dresser. *A.* Well, I had been there, as I recollect it, only two weeks, and on Saturday I was short $100; and then I think it was probably two or three weeks more when I was short something like $20, as I recollect it; and then about a month longer I was short again $100; and, as I recollect it, about a couple of months, or a month more, when I came back — I used to go out to the Oak Grove Farm and get my lunch at 1 o'clock — being there from 8 to 1, it made it impossible for me to get my lunch before — I would go out to the Oak Grove Farm to get my lunch at 1 o'clock — Mr. Earl would go out before me, and when he came back I would go out to lunch; and one day when I came back I found my cash was $475 short.

*Q.* 2. Was that the last time there was a shortage? *A.* That was the last time.

*Q.* 3. As you found these various shortages that you have testified to in your cash, did you talk them over with Mr. Dresser? *A.* I stated the facts to Mr. Dresser.

*Q.* 4. What did you say to him? *A.* The first time I was short I told him I was short, and that I couldn't account for it in any way; that I considered myself expert in handling money — and I am — I don't take a back seat from anybody in that — I never made but one mistake in paying out money —

*Q.* 5. You did talk to him? *A.* Yes; I told him I couldn't account for it; and I hunted and hunted for it, and checked off the books and did my best to find it.

*Q.* 6. That was the first, was it? *A.* Yes, sir.

*Q.* 7. What did he say? *A.* I don't remember. He said he was sorry, or something like that; that he thought it might turn up, or something of that sort, as it often does.

*Q.* 8. What was done with that shortage, as to whether it was

charged off to profit and loss or what? *A.* I don't know. I don't know whether they charged it off or not.

Mr. MORSE. How much was that?

Mr. NAY. $100.

*Q.* 9. Now, when the subsequent shortages occurred, did you have conversations with him? *A.* Each time I told him, of course, until the last one.

*Q.* 10. Each time you told him of the shortages? *A.* Yes, sir.

*Q.* 11. What did he do? *A.* He said, as before, that he was sorry; he couldn't account for it. Of course, when the final one came, $475 he said he thought I must have made mistakes, and he asked me to resign.

*Q.* 12. Give us the whole conversation when that final $475 shortage occurred. State what you said to him and what he said to you. *A.* I hunted for it for three or four days. Of course it troubled me to death; worried me. And one day he came in from Boston, and he came to me and said: "Cutting, I think you are making mistakes, and we shall have to ask you to resign." I said: "Mr. Dresser, it is an awful thing for me to suspect somebody in this bank, but", I said, "either Mr. Earl or Mr. Coleman or Mr. Lockhart or you have taken that money. It is an awful thing to suspect anyone." And I said: "It is the first time in my life I have been accused of incompetency." And it made me feel very badly, and he said he felt badly too.

*Q.* 13. What did he say then? *A.* He said he thought there was nothing else to do but to ask me to resign, which he did, and I did resign.

*Q.* 14. Have you stated all of that conversation? *A.* Practically; yes.

*Q.* 15. Let me ask you if there was not something said about staying longer, and what you would do? *A.* No.

*Q.* 16. Didn't you say that if you stayed longer you would try to find out who took it? *A.* Oh, I said: "If you will let me stay I will set a trap and catch this man. We can mark our bills, and find out who it is." And the time when I was $475 short, if I had only done what I had it in my mind to do —

*Q.* 17. What did he say in answer to your request to be allowed to stay a little longer, in order that you might set a trap for the thief? *A.* Well, he didn't care to do that. He didn't suspect anybody there; he didn't think there was a thief there.

*Q.* 18. Did he say anything as to whether there was or was not anything wrong in the bank there? *A.* No; no, he didn't. I don't think for a minute that he thought anything was wrong.

*Q.* 19. He simply demanded your resignation? *A.* He just asked me to resign, and he thought that I had made mistakes in paying it out. There is no question that that is what he thought himself, but I couldn't think so myself.

*Q.* 20. What was done about the shortage? *A.* I made it up. I gave him my note for $700.

*Q.* 21. Was that done voluntarily, or did he request it? *A.* No; he asked for it. I told him that I didn't think it was right for him to ask me to make it up, because the cash was out open there where all could get at it, and I didn't think it was just to ask me to make it up.

*Q.* 22. Did you have any conversation with any of the other directors in regard to this matter? *A.* I think not. I might have casually, but I don't think I did, as I remember it.

*Q.* 23. There was no conference with the directors on the subject? *A.* No, not that I remember.

*Cross Examination.*

×-*Q.* 24 (*by* Mr. Morse). How long were you teller there; from what date to what date? *A.* Well, I have been out in California for five years, and I haven't all my papers here that give me the dates. I think it was in 1905, and I was there six or seven months.

×-*Q.* 25. The books will show, I suppose, when you left, if you will be good enough to turn them. You came there in the spring of 1905, I understand? *A.* Yes, sir.

[No cross-interrogatory numbered 26.]

×-*Q.* 27. You succeeded Mr. Roaf? *A.* No; I think it was Mr. Bragg.

×-*Q.* 28. Mr. Bragg, I mean. *A.* Yes.

Mr. NAY. What pay were you getting, Mr. Cutting?

The WITNESS. $800 a year, I think it was; I think it was $800.

Mr. DEAN. I have the record of the directors' meeting when he was elected assistant cashier. That was February 20, 1905.

Mr. NAY. You have been in the banking business ever since, have you not, Mr. Cutting?

The WITNESS. Practically; yes, sir.

Mr. NAY. Except a short time?

The WITNESS. Yes, sir.

Mr. NAY. Who succeeded you as teller there,— Paul?

The WITNESS. I don't know who did come after me.

Mr. MORSE. I am simply waiting now to get this date when he left, and then I will go on with my questions.

Mr. DEAN. I have the date of his resignation. October 7, 1905.

×-*Q*. 29. Then I will assume that the dates are from February 20, 1905, or thereabouts, to October 7, 1905. You were elected assistant cashier; you were also teller, both paying and receiving teller, were you not? *A*. Yes, sir.

×-*Q*. 30. And you were a director of the bank? *A*. Yes, sir.

×-*Q*. 31. Before you became connected with the bank you were engaged in the dry goods business in Cambridge? *A*. Yes, sir.

×-*Q*. 32. For how long a time? *A*. About a little over a year, I think.

×-*Q*. 33. Did you carry it on alone? *A*. Yes, sir.

×-*Q*. 34. You had no partner? *A*. No, sir.

×-*Q*. 35. And that business continued after you became connected with the bank, did it not? *A*. Yes, sir.

×-*Q*. 36. You were embarrassed in that business at the time you came into the bank, were you not? *A*. Yes — no; not at the time I came into the bank; no, sir.

×-*Q*. 37. What is it? *A*. Not at the time I came into the bank.

×-*Q*. 38. You failed, did you not? *A*. Oh, no, sir; not at that time.

×-*Q*. 39. Well, when did you fail? *A*. Oh, I failed some time after I left the bank; a long time after. February, 1906, I think it was.

×-*Q.* 40. Then you continued the business after you left the bank? *A.* Oh, yes; oh, yes.

×-*Q.* 41. And you failed in February, 1906? *A.* I think it was in February, 1906, as I recall it.

×-*Q.* 42. So that during all this time that you were connected with the bank you were giving more or less attention to your dry goods business? *A.* Yes, sir; every afternoon and evening. I kept open one evening, or two evenings, a week.

×-*Q.* 43. You understood that, as teller, you had charge of the cash, did you not? *A.* Yes, sir.

×-*Q.* 44. And during the bank hours did you ever leave the drawer so that anybody could get to it? *A.* Only to go to the closet, or something of that sort.

×-*Q.* 45. Well, that was just momentary? *A.* Sure.

×-*Q.* 46. Was anybody in charge of the cash when you left on those occasions? *A.* Mr. Coleman or Mr. Earl. If anybody should happen to come in, and I was not there, they would step up and wait on the customer.

×-*Q.* 47. Did those occasions happen often? *A.* No.

×-*Q.* 48. When you left the money drawer in such cases, did you ask somebody to take your place? *A.* Why, yes.

×-*Q.* 49. You intended that there should be someone there if you yourself were not there? *A.* Surely.

×-*Q.* 50. At the end of the day, when the business of the bank was over, what did you do with the money? *A.* As I say, we used to close the door at 1 o'clock and I would be pretty hungry by that time, and Mr. Earl used to go out first and get his lunch, and then —

×-*Q.* 51. I didn't ask about lunch. I asked what happened to the money when the bank door was closed? *A.* Put it in the vault, and locked it up there.

×-*Q.* 52. So that, as long as the bank was open, the money was in charge of yourself, unless momentarily you went out, in which case you asked Mr. Coleman or Mr. Earl to take your place? *A.* Well, it was more than momentary. I went out to lunch, and the cash, the money, was all out on the desk, or in the drawer, until I

came back, and Mr. Earl and Mr. Coleman was there, and when I came back I would settle my cash and then it would be put away.

×-*Q.* 53. What do you mean by being out? *A.* Well, in the drawer, at the counter.

×-*Q.* 54. You could have locked it up when you left? *A.* It was not customary to do that.

×-*Q.* 55. Was that after the business of the bank was closed, at 1 o'clock? *A.* Yes; we closed at 1 o'clock.

×-*Q.* 56. Then you did not lock up the money when you left the bank on those occasions? *A.* No, sir.

×-*Q.* 57. How long were you gone at those times? *A.* Probably twenty minutes or half an hour.

×-*Q.* 58. Did you ever charge anyone in the bank with taking any money? *A.* Oh, no, sir.

×-*Q.* 59. Or ever state to Mr. Dresser that you suspected anybody? *A.* I told him that last time — I didn't say whom I suspected — I didn't know whom to suspect — I said that somebody there must have taken the money, I didn't know who it was.

×-*Q.* 60. On how many different occasions had you observed shortages? *A.* I think it was about three.

×-*Q.* 61. During a period — *A.* Four.

×-*Q.* 62. Four? *A.* Yes, sir.

×-*Q.* 63. And have you given the different amounts? *A.* There was $100 twice, and then there was something like $25, and then $475.

×-*Q.* 64. Was there anything done at the time when the first error or loss of $100 was discovered? *A.* What do you mean by "anything done"?

×-*Q.* 65. I mean anything done in the way of charging it off, or settling for it. *A.* Not that I know of. I don't know whether it was charged off or not. Those things, I think, usually remain until the semi-annual meeting of the directors, and then they charge them off.

×-*Q.* 66. Did you ever go before the directors in reference to this? *A.* Not that I remember. I might have, but I don't remember that I did.

×-*Q.* 67. Did you pay this note? *A.* Yes, sir.

×-*Q.* 68. When was that paid? *A.* I can't tell when it was. I think it was probably a couple of months afterwards; I don't know; it is hard for me to remember.

×-*Q.* 69. Are you sure you did pay it? *A.* $700; yes, sir; yes, sir, that note was taken up.

×-*Q.* 70. At the time that you failed did you not owe the bank about $3,500? *A.* I think I did — or $3,000 it seems to me it was — I have forgotten how much it was. First I had it in the First National Bank, and then when I went to the National City Bank it was transferred to the National City Bank.

×-*Q.* 71. And after the payment of the dividend the net loss to the bank was $1,956.30, was it not? *A.* I don't know.

× *Q.* 72. Wasn't that it, approximately? *A.* I don't know what dividend they paid; after I assigned I don't know how they settled.

×-*Q.* 73. You don't? *A.* No, sir; I don't know how much they settled for at all.

×-*Q.* 74. You never knew how much dividend was paid by your assignee? *A.* No, sir; I never did.

×-*Q.* 75. You have no idea of the amount? *A.* Well, I have an idea. I imagine he paid about 65 per cent, but I don't know.

×-*Q.* 76. Didn't you know that the dividend was 44 per cent? *A.* No, sir, I didn't.

×-*Q.* 77. You thought he paid about 65 per cent? *A.* Well, it seems as though they ought to have.

×-*Q.* 78. Well, I should think so, too. Don't you know that there was a net loss to the bank of nearly $2,000 on your account? *A.* No, sir; I didn't know how much the loss was.

The MASTER. What was it on,— notes?

×-*Q.* 79. What was your indebtedness to the bank, — what was the nature of it? *A.* At the bank?

×-*Q.* 80. Yes. *A.* They were notes given at the bank.

×-*Q.* 81. Were you negotiating, or having discounted, your own notes at the time you were a director and cashier there? *A.* The notes of the company, as I remember it.

×-*Q.* 82. Notes of the company? You were the company, were you not? *A.* Yes, but it was a stock company.

×-*Q.* 83. I thought you said that you were in business alone. *A.* Well, practically; I owned a controlling amount of the stock; owned most of the stock.

×-*Q.* 84. You owned it all, didn't you? *A.* No.

×-*Q.* 85. Didn't you tell me that nobody but yourself was interested in the business? *A.* No. You asked me if I was in business personally, and practically it was myself, although it was a corporation.

×-*Q.* 86. Didn't you tell me that no one but yourself was interested in that business? *A.* No. You asked me if I was in business for myself, and I said "Yes".

×-*Q.* 87. I know. But I asked you another question, didn't I, — if anyone else was interested in the business but you? *A.* I don't think so.

×-*Q.* 88. Was anyone else interested in the business except yourself? *A.* Certainly; the stockholders were interested. My sister had $4,000 of stock, I think.

×-*Q.* 89. What stock did you have; how much? *A.* I think I had twelve or thirteen thousand, as I remember it.

×-*Q.* 90. What was the name of the company? *A.* Louis W. Cutting Company.

×-*Q.* 91. Did you negotiate at the bank the notes of the company while you were cashier? *A.* Yes, sir; as I remember, I did.

×-*Q.* 92. You did? *A.* Yes, sir; I had them first with the First National, and then when I went to the National City I transferred them.

×-*Q.* 93. This indebtedness, which existed at the time you left the bank, was an indebtedness which you negotiated at the bank? *A.* Yes, sir; the company.

×-*Q.* 94. Well, you acted for the company, did you not? *A.* Yes, sir.

×-*Q.* 95. What were you,— president of the company? *A.* Yes.

×-*Q.* 96. Did you hold any other office? *A.* I was president and treasurer.

Mr. MORSE. That is all.

Mr. NAY. I want to offer from the record of the directors' meeting of October 7, 1905, when the resignation was accepted, the fact that there were present at that meeting the president (Edwin Dresser) and Mr. Gale and Sumner Dresser. I offer that entry in Mr. Earl's book of January 17th, 1905, short $50. [*The entry referred to is examined by the master.*]

*Redirect Examination.*

*Q.* 97 (*by* Mr. NAY). How long after you left the bank was it that your company failed? *A.* I think it was three or four months, as I remember. It was in February, 1906; I think it was four or five months after.

ALBERT E. FRASER.

"Have had experience in bank bookkeeping and auditing since 1886, when I first went into a bank. Had served in banks as messenger, bookkeeper and as assistant auditor, working in several banks, and last experience was with the Eliot National Bank in Boston, a large bank. First became a bookkeeper in a national bank when between seventeen and eighteen years of age. Was working for the Eliot National Bank when the bank wound up, and at that time it employed three bookkeepers on the depositors' ledgers and five bookkeepers in all. The auditing department had charge of the auditing of all the departments of the bank.

"My work particularly was to have charge of the statements of the individual accounts, and at the end of the month I took charge of the balancing of those accounts by the other clerks, and in this connection I was in the habit of inspecting the depositors' ledgers and working over them. All together, I have had close to twenty-five years' experience in bank bookkeeping and auditing. I was employed by Mr. Bates, as receiver, to do certain work in connection with the books of the National City Bank, the work required being chiefly with the individual deposit ledgers. Began my work on January 3, 1913, and have been at the same continuously to date of hearing [July 8, 1913]. Have not entirely completed it. I have completed the additions and extensions on the general

ledgers up to the close of the affairs of the bank, but I haven't made up my detailed statements for all that time."

*Q.* 1. Are you familiar with the various methods adopted by Mr. Coleman in concealing his thefts — I mean as testified to? *A.* I think so.

*Q.* 2. Will you state to his Honor what you have been doing on the books in the way of verifying entries, additions, etc., preliminary to taking up the actual details? *A.* I have been over the ledgers, taking the footings that I found on the books; I have been over the checks in detail column and the total check column, the extensions of balance from one day to the other and the addition of all the columns, checks, deposits and balances, and I have made a comparison of the totals, the additions as I made them, with the totals as shown by the general ledger, Mr. Earl's book, the cashier's book, for each day. I have also traced some checks that were testified to as false checks; and in one case I traced back checks that were not testified to, that made up a difference in a balance that I discovered along about the first of my examination in 1907. My full and detailed examination and report begins January 1, 1907, and runs down to the end of the bank's existence in February, 1910. I have prepared a statement of the shortage as the sum grew from day to day, so I am able to state that on any given day the shortage must have been at least that amount on that day.

*Q.* 3. You stated a moment ago that you had gone back of January, 1907, on one account? *A.* Yes, sir.

Mr. NAY. Mr. Pillsbury furnished me, your Honor, with a list of the checks, genuine checks, drawn by the Standard Action Company from the 1st of July, 1906, down to the 31st of December, 1909; and that, perhaps, had better be marked as an exhibit.

Mr. PILLSBURY. I suppose that that is offered as showing what is claimed to be a part of the defalcations for which you are seeking to recover.

Mr. NAY. Yes.

The MASTER. What is the date?

Mr. NAY. July 1, 1906 (the first entry is July 3), to December 31, 1909.

[*The list of genuine checks drawn by the Standard Action Company between July 1, 1906, and December 31, 1909, is marked* "Exhibit 142, R. [illegible] J."]

*Q.* 4. With this before you, will you state whether you find that a check was wrongly charged by Coleman to the account of the Standard Action Company in November, 1906? And, if so, give the date and the amount. *A.* Yes; I found more than one check.

*Q.* 5. More than one false check? *A.* Yes.

*Q.* 6. Give the list of those checks drawn by Coleman, and charged improperly to that account, which you find on the individual ledger, and which you know are wrongly charged by reason of this Exhibit 142.

Mr. MORSE. I think that I must object to the question in the form in which it is put. If you ask the witness to state what checks there are charged on that ledger which do not appear on the list furnished to you, and which you have put in evidence, I shall not object to the question in that form.

Mr. NAY. I will adopt that question. It is a better form of question to put, but it reaches precisely the same result.

*A.* There were five checks in all in November and December, 1906, that made up a difference that I found in the Standard Action Company account in January, 1907, going back —

*Q.* 7. Of how much? *A.* A total of $1,005.

Mr. MORSE. You had better give the individual checks and dates.

*Q.* 8. Give the individual checks and dates. *A.* November 24, 1906, two checks, $300 and $205.

*Q.* 9. Charged into that account? *A.* Charged into that account, which do not appear on the list. On December 1 of the same year there were three checks charged, two of $200 each and one of $100, a total of $500, which together with the other two made a total of $1,005. The amount of the balance of the Standard Action Company was raised January 31, 1907,—

Mr. NAY. I will take that up later, but I wanted to dispose of a few items —

The MASTER. Let me get that. He charged into that account $1,005 —

Mr. NAY. Which left the account that amount short.

The MASTER. And then forced the balance that amount?

The WITNESS. Yes.

Mr. NAY. There was testimony at the last hearing about that raise, and we were not able to make out where it was, but with the aid of this list we are able to make it out.

*Q.* 10. Mr. Fraser, what shortage on the books of the depositors' ledger do you find existed on January 1, 1907, if any?

The MASTER. That is the beginning of the period?

Mr. NAY. Testimony went in this morning about the Standard Action Company account prior to that time.

*A.* $1,005.

*Q.* 11. Are you able to say definitely that that was all the shortage that existed at that time? *A.* I am not; no, sir.

*Q.* 12. But that shortage does appear? *A.* Yes, sir.

Mr. NAY. Now, will you take, beginning with January 1, 1907, and mention the entries which you find which tend to increase that shortage, if at all, or to decrease that shortage, if at all, or to transfer it, if at all, omitting items of trifling consequence.

The WITNESS. January 2, 1907, I find that the balance of the Standard Action Company was extended $9,082.12. The correct extension should be $10,082.12, a difference of $1,000. On the same day and page I find that the Standard Diary Company's balance was extended as $40,243.42. The correct extension should be $39,243.42, a difference of $1,000.

Mr. MORSE. Which way?

The WITNESS. That is extended $1,000 too much, which offsets the $1,000 in the Standard Action Company balance.

The MASTER. Let me ask a question about those books. Of course each day, when you get through with your entries, you should have a balance column, that is, your deposits, and your withdrawals, and then your balances should be footed?

The WITNESS. Yes.

The MASTER. Every day?

The WITNESS. They are not.

The MASTER. The question is, how do those entries affect the correctness of the footings of the day's balances?

The WITNESS. In this case it wouldn't affect it at all. It simply affects these two individual balances. One balance is extended $1,000 too little and the other $1,000 too much, as to those two accounts. It does not affect the total footings, or the day's work.

*Q.* 13. Are there any further entries to be given in answer to this question, so far as January 2, 1907, is concerned? *A.* Not of any consequence.

*Q.* 14. Is there anything on January 3? *A.* Nothing on January 3. Nothing on January 4. Nothing on January 5. Nothing on January 7. On January 8, I find a difference in the balance column, on page 6, of $20. An addition of the balance column shows $20 more than the addition that appears on the ledger.

Mr. MORSE. That is an additional shortage, then, of $20.

The WITNESS. The balance adds more than the addition made on the ledger. It would increase the shortage.

Mr. MORSE. I mean the fignres as carried forward, do they actually show a shortage of $20, or not?

The WITNESS. They do. On January 9 there is nothing of any account. January 10, nothing; January 11, nothing; January 12, nothing. January 14, there is nothing. January 15 — I understood you to say that you didn't want these minor errors?

Mr. MORSE. What do you mean by "minor" ones? I think that some definite amount should be stated.

Mr. NAY. All right. Leave out anything under $20.

The WITNESS. On January 15, page 7, the balance of Eugene R. Luke is extended as $62.56; it should be extended as $97.56, a difference of $35.

*Q.* 15. Too little or too much? *A.* It is extended too little. It shows an erasure. Page 6, the same day, the balance of J. A. Holmes & Co. is extended as $1,302.48; it should be $1,322.48, a difference of $20. On January 16 I find nothing. On January 17 I find the balance of E. R. Luke is extended $25 more than it should be. In this case I haven't put down the figures.

The MASTER. $35 was the amount that it was short before, on January 15?

The WITNESS. Yes, and this is a correction of that error. January 18, page 12, I find the addition of the deposit column is $719, and the ledger shows an addition of $619, a difference of $100.

Mr. MORSE. Too little?

The WITNESS. Too little. And on the same day and page the total of the checks column is $1,379.47; the ledger shows an addition of $1,279.47, a difference of $100 too little.

Mr. DEAN. Wasn't the total check column raised?

The WITNESS. No; they were both lowered. On January 19 there was nothing; January 21, there was nothing. On January 22, page 8, the balance of H. E. McGoldrich & Sons Company was extended as $2,704.83; it should be $2,804.83, a difference of $100. On the same day and page the balance of Oscar G. Peterson was extended as $1,837.58; it should be $1,737.58, a difference of $100.

*Q.* 16. What do you say as to the relationship, if any, of those two items? *A.* I should say that it was what is known in banks as a cross entry; that is, one error offsets the other.

Mr. MORSE. One is $100 too little, and the other is $100 too much?

The WITNESS. Yes, sir. On January 23 there is nothing; January 24, nothing; January 25, nothing; January 26, nothing. January 28, page 6, the balance of J. A. Holmes & Company is extended as $882.07; it should be $862.07, a difference of $20. The footings of that page are extended as $20,319.74; they should be extended as $20,299.74, a difference of $20.

Mr. MORSE. Do I understand that that is $20 more than the other, or is it the same $20? Is this $20 the same $20 that you had previously referred to, or—

The WITNESS. Yes; I think that that previous $20 was in that same account of J. A. Holmes & Company.

Mr. MORSE. Does that make $40, then?

The WITNESS. No; I think that this item corrects the other item. The other item was January 15, a drop of $20, and on January 28 it was a raise of $20.

Mr. MORSE. Then what is the other item of $20?

The WITNESS. The other item is the footings of the column, where he extends his footings.

Mr. MORSE. What I wanted to get at was whether that extension of the footings makes an additional shortage?

The WITNESS. I should say not.

Mr. MORSE. Then all that those items on that day amount to is that $20 was added to the balance?

The WITNESS. To the balance of J. A. Holmes & Company.

Mr. MORSE. That is whole effect of that entry, isn't it?

The WITNESS. Yes; I should say so.

Mr. BUNKER. And the difference of $20 in the footings on that day is the result of the other item that you spoke of?

The WITNESS. No. In the previous case he had dropped J. A. Holmes & Company's balance $20, and in this case he raised it $20; he corrects his error, which would necessitate a change in the total, so that his column would add correctly when he raised it $20. In order to have that add correctly he has got to raise his total $20 as well.

Mr. MORSE. There is no actual additional shortage of $20?

The WITNESS. I should say not. Now, on January 29 I find, on page 6, the balance of J. A. Holmes & Company is extended as $467.25; it should be $487.25, a difference of $20. On January 30, I find nothing. On January 31, I find the balance of J. A. Holmes & Company extended as $896.95; it should be $876.95, a difference of $20. That is page 6. I also find, on page 8, the balance of H. E. McGoldrich extended as $4,089.38; it should be $3,989.38, a difference of $100.

Mr. MORSE. That is a raise in that account?

The WITNESS. Yes. And on the same day and page the balance of Oscar G. Peterson is extended as $1,133.50; it should be $1,233.50, a difference of $100. There is a memorandum over each of these accounts, which says $100 January 20. That date, however, was Sunday. I should say that it referred to the time when the errors were made in these two accounts on the previous day.

The MASTER. Restorations?

The WITNESS. Well, these were really corrections of innocent errors, in my opinion. On the same day, page 11, I find that the balance of the Standard Action Company is extended as $13,646.71; the correct extension should be $11,641.71, or a difference of $2,005. On the same day and page the balance of the Standard Diary Company is extended as $33,792.52; and the correct extension should be $34,792.53, a difference of $1,000. Do you want me to explain that?

Mr. NAY. Yes.

The WITNESS. The differences between those two differences is $1,005, and his restoration of the five checks charged to this Standard Action Company account in November and December of 1906, as explained from Exhibit 142 —

Mr. MORSE. One moment. Let me understand this. That $2,005, is that an increase?

The WITNESS. That is an increase in the Standard Action Company's balance.

Mr. MORSE. That is, it was carried forward $2,005 too much?

The WITNESS. Yes, sir.

Mr. MORSE. And then you say that on that day there is a drop of $1,000?

The WITNESS. In the Standard Diary Company's balance.

Mr. MORSE. And $1,005 was the amount of the checks which you testified to before the recess?

The WITNESS. Yes, sir.

*Q.* 17. Now, then, taking January 31, at the end of one month, you having started with a shortage of at least $1,005, was that shortage increased during that month? *A.* I should say it was not. February 1, I find nothing. February 2, nothing. I find that I omitted one here on January 31. I find, on page 11, that there is a difference in the addition of the balance column of $1,005, which was caused by the raise of $1,005 [$2,005] in the Standard Action Company's balance.

*Q.* 18. Give the true footing and the false footing. *A.* The

true addition of the column is $69,152.23, and the ledger shows $68,147.23.

*Q.* 19. A difference of $1,005? *A.* Yes, sir. On the first of February there is nothing, although this $1,005 is carried along on these days when I say there is nothing. He extended his balances in full only two or three times a week, and on those days when they are not extended I have made no attempt to add the balance column. February 2, nothing. On February 4 the balances are all extended again, and page 11 shows a difference of $1,005. On February 5 it is the same way; there is a difference on page 11 of $1,005. February 6, nothing. February 7, on page 11, there is a differenee of $1,005. On February 8 there was nothing. On February 9 there was nothing. On February 11 there was nothing except the —

*Q.* 20. Nothing above $20? *A.* Nothing except the $1,005. Do you want me to mention that each time?

*Q.* 21. Yes. *A.* On February 12 the only difference is the $1,005. On February 13, nothing. February 14, the same difference of $1,005. February 15, page 2, the account of David F. Burns is charged with checks as follows: $835, $3,035, $40, $23.45, $300, $75, a total of $4,308.45. That is extended to the total checks column as $3,473.45, a difference of $835.

Mr. Morse. What is that — a raise or a drop?

The Witness. It is a raise — equal to a raise; the checks are extended less than they should be into the total check column.

Mr, Morse. And what is the total amount of that difference?

The Witness. $835. On that same day I find a check charged to the account of F. A. Kennedy for $835. On February 16 there is nothing. February 18, a difference of $1,005 on page 11. On February 19, the same difference of $1,005. February 20 there is nothing. February 21, the same difference of $1,005. February 23, nothing. February 25, the same difference of $1,005. February 26, the same difference of $1,005. February 27, no difference. February 28, the total of the deposit column adds (page 10) $407.12; it appears on the book as $387.12, a difference of $20.

Mr. Morse. That is a drop or an increase?

The WITNESS. The deposits are less.

Mr. MORSE. $20 less?

The WITNESS. Yes. On the same day and page, the total of the checks column is added as $712.35; it should be $692.35, a difference of $20. Also the difference of $1,005 on page 11.

*Q.* 22. Taking that difference at the end of February 28, and starting the month with $1,005 shortage, do you find from the books that the shortage has been increased or not? *A.* Yes,—that is, from the books and the testimony. I find there have been some false checks charged during that time.

Mr. MORSE. Do the books themselves show an increase in the shortage?

Mr. NAY. Coleman has testified that that $835 Kennedy check was not a proper charge to Kennedy. Of course, so far as the checks are concerned, there is nothing whatever on the books to show whether a check charged in to an account was or was not proper.

*Q.* 23. Assuming that the F. A. Kennedy check for $835, the C. H. Smith check for $493.75 and the M. C. Smith check for $506.25 were improperly charged to those accounts, what was the shortage on February 28, 1907? *A.* $2,840.

*Q.* 24. Yes. *A.* March 1, nothing. March 2, nothing. March 4, a difference of $1,005 on page 11. March 5, the same difference of $1,005. March 6, page 11—

*Q.* 25. Before you come to that, take March 5, for example, and assuming that those three checks just mentioned were improperly charged to those accounts, where was the shortage represented by those three checks, or $1,835, concealed?

Mr. MORSE. Well, that is trangressing a little your good rule, I think. Mr. Nay, without troubling you to repeat that question, or to state it again, it seems to me that it is not within the line which you laid down. Why can't the witness state anything that there is on the books to which you wish to call attention, or to which he wishes to call attention?

Mr. NAY. Now, my point is, at the end of the month of February, on February 28, and for a little beyond that—I am asking the question as of March 5, I believe—he says that there is still a

shortage of $1,005 apparent on the additions, but that the total shortage has increased to $2,840.

The MASTER. That is on the assumption that those checks are improperly charged to the accounts of those three people?

Mr. NAY. Exactly. Those accounts are still being carried that amount short. That is what I wanted to bring out.

Mr. MORSE. I assumed so.

The WITNESS. March 6, page 11, the footings are extended as $80,873.70; they should be extended as $81,773.70, a difference of $900. March 7, page 11, the footings are extended as $82,146.49; they should be $81,246.49, a difference of $900.

Mr. MORSE. Is that $900 too much, or too little?

The WITNESS. In the first case they are extended too little; in the second case, too much. There is also the difference of $1,005 on page 11. On March 8 there was nothing. On March 9 there was nothing. March 11, the same difference of $1,005 on page 11. On March 12, the same difference, $1,005, on page 11. March 13, nothing. March 14, page 4, the correct addition of the total check column is $61.72; the addition appearing on the ledger is $961.72, a difference of $900. The addition of the balance column, the same page, appears on the ledger as $66,656.40; the correct addition is $67,556.40, a difference of $900.

Mr. MORSE. Do you mean there that one is an increase, and the other is a decrease?

The WITNESS. Yes, it is, but it is different from these other items where one is an increase and the other is a decrease. In these others —

Mr. MORSE. Is the net result an addition to or a decrease of the shortage?

The WITNESS. The net result is an increase of the shortage of $900.

Mr. MORSE. $900?

The WITNESS. Yes, sir. Also the difference on page 11 of $1,005. I find from the testimony that he gave to Carpenter, Baggot & Company on the thirteenth day of March, the day previous to this $900 shortage, a check for $912.50. March 15, page 4, the addition of the total check column is $1,134.97; it appears on the ledger as

$2,059.97, a difference of $925. And it has been testified that on March 14th he gave a check to Carpenter, Baggot & Company for $937.50. On March 16, page 4, the total of the checks column is $1,263.62; it appears on the ledger as $1,663.62, a difference of $400; and it has been testified that on the 15th of March he gave Carpenter, Baggot & Company a check for $406.25. On March 18, page 4, the total of the deposit column is $160.54; it appears an the ledger as $133.42, a difference of $27.12. And on the same day and page the check column adds up $318.53; it appears on the ledger as $291.41, a difference of $27.12. On that day the addition of the balance column, on page 4, is $67,009.48; it appears on the ledger as $64,784.48, a difference of $2,225. That amount appears in pencil over the total of the balances. Also, on page 11, on the same day the difference of $1,005 appears. March 19, page 4, the addition of the balance column is $68.842.59; it appears on the ledger as $66,617.59, a difference of $2,225. On page 11, the same day, the same difference of $1,005.

*Q.* 26. That is, additions of the balance column? *A.* Yes, the same as we had before. March 20, nothing. March 21, page 4, the addition of the total check column is $282.95; it appears on the ledger as $1,282.95, a difference of $1,000. And the addition of the balance column on that page is $68,931.38; it appears on the ledger as $65,706.38, a difference of $3,225.

Mr. MORSE. Was that a drop or an increase?

The WITNESS. That was an increase of the shortage, and also an increase in the difference on that day; $1,000 increase. The total difference on that page is $3,225.

Mr. BUNKER. The book footing of the balance column is $3,225 less than the correct footing, and the check column is $1,000 less than the book footing on page 4?

The WITNESS. Yes. Page 6, the addition of the deposit column is $743.99; it appears on the ledger as $711.73, a difference of $32.26; and the total of the check column is $895.41, and it appears on the book as $863.15, a difference of $32.26.

Mr. MORSE. Which way is that?

The WITNESS. They are both less. It is merely an offset. On

page 11, the same difference of $1,005 appears in the balances. On March 20, the day previous to this, I find, according to the testimony, that he gave Carpenter, Baggot & Company a check for $1,000. March 22, page 4, the total of the check column is $607.72; the ledger shows it as $1,607.72, or a difference of $1,000. And on the day previous he gave Carpenter, Baggot & Company a check for $1,000. March 23, page 4, the total of the check column is $1,541.21; the ledger shows $2,641.21, a difference of $1,100. And on the same day he gave Carpenter, Baggot & Company a check for $1,000. On March 25, page 4, the total of the check column is $746.70; it appears on the ledger as $1,746.70, a difference of $1,000. The total of the balance column on that page is $68,074.14; it appears on the ledger as $61,749.14, a difference of $6,325. Also, on page 11, the usual difference of $1,005. On March 26, page 4, the total of the check column is $711.08; it appears on the ledger as $1,711.08, a difference of $1,000. The total of the balance column on that page is $75,869.12; it appears on the ledger as $68,544.12, a difference of $7,325. Also, on page 11, the difference of $1,005. On March 25, the day previous, he gave Carpenter, Baggot & Company a check for $2,000. On March 27, page 4, the total of the check column adds $227.04; it appears on the ledger as $1,027.04, a difference of $800. On the previous day he gave Carpenter, Baggot & Company a check for $800. On March 28, page 4, the total of the balance column is $74,858.11; it appears on the ledger as $66,733.11, a difference of $8,125. Also, on page 11, a difference of $1,005. On March 29, page 4, the total of the check column adds $1,053.85; it appears on the ledger as $1,253.85, a difference of $200. On March 30, page 4, the total of the check column is $2,609.39; it appears on the ledger as $3,309.39, a difference of $700.

*Q.* 27. March 31 was Sunday. Is there anything else on March 30? *A.* No.

*Q.* 28. Was the shortage increased, according to the books, in that month of March? *A.* Was it increased?

*Q.* 29. Yes. *A.* Yes, sir.

*Q.* 30. Assuming that the three checks previously mentioned —

F. A. Kennedy, $835; C. H. Smith, $493.75, and M. C. Smith, $506.25 — were wrongly charged to those respective accounts, what was the total shortage at the end of March, 1907? *A.* $11,865.

*Q.* 31. An increase in the month of March of how much? *A.* $9,025.

*Q.* 32. And how much of that is apparent on the books? *A.* $10,030.

*Q.* 33. All right. Go ahead. *A.* April 1, 1907, page 4, the total of the balance column is $70,228.77; it appears on the ledger as $61,203.77, a difference of $9,025. And on page 11.

Mr. NAY. Which, your Honor will notice, is just the amount of the increase in March.

The WITNESS. On page 11 there is the usual difference of $1,005. April 2, page 4, the total of the check column adds $1,328.92; it appears on the ledger as $1,528.92, a difference of $200. The total of the balance column on that page is $69,215.40; it appears on the ledger as $59,990.40, a difference of $9,225. Also a difference of $1,005 on page 11. I find that on April 1 he gave a check to Miller & Company for $6,000. On April 3, page 4, the total of the check column adds $705.16; it appears on the ledger as $905.16; a difference of $200. On April 4, page 4, the total of the check column adds $597.43; it appears on the ledger as $997.43, a difference of $400. The total of the balance column on that page is $68,382.16; it appears on the ledger as $58,557.16, a difference of $9,825. Also a difference of $1,005 on page 11. On April 5 there is nothing. On April 6, page 4, the total of the check column adds $1,280.17; it appears on the ledger as $2,105.17, a difference of $825. On April 8, page 4, the total of the check column is $2,524.86; it appears on the ledger as $2,949.86, a difference of $425. The total of the balance column is $69,011.82; it appears on the ledger as $57,936.82, a difference of $11,075. Also, on page 11, a difference of $1,005 in the balance column. April 9, page 4, the total of the check column is $856.42; it appears on the ledger as $1,481.42, a difference of $625. On the same page, the total of the balance column is $69,043.08; it appears on the ledger as $57,343.08, a difference of $11,700. Also, on page

11, the difference of $1,005. On April 10 there is nothing. On April 11, page 4, the total of the check column adds $2,229.52; it appears on the ledger as $2,429.52, a difference of $200. The total of the balance column is $70,478.96; it appears on the ledger as $58,578.96, a difference of $11,900. Also $1,005 on page 11. April 12, page 4, the total of the check column is $528.80; it appears on the ledger as $728.80, a difference of $200. April 13, page 4, the total of the check column is $1,370.40; it appears on the ledger as $2,220.40, a difference of $850. April 15, page 4, the total of the balance column is $65,976.64; it appears on the ledger as $53,026.64, a difference of $12,950. Also a difference on page 11 of $1,005. On April 16, page 4, the total of the balance column is $65,973.02; it appears on the ledger as $51,123.-02, a difference of $14,850. The footings on that page are extended as $51,123.02; they should be extended as $53,023.02, a difference of $1,900, which amount appears in pencil over the total.

Mr. BUNKER. It is $1,900 too —

The WITNESS. Extended too little. On page 10, the same day, the balance of Charles H. Smith is extended as $2,765.63; it should be extended as $2,271.88, a difference of $493.75, which amount is charged to that account on the 26th day of February; and it shows an erasure. On the same day, the balance of Martha C. Smith is extended as $2,062.60; it should be extended as $1,656.-35, a difference of $406.25.

*Q.* 34. $406.25? *A.* Yes, sir. And on the 28th day of February there is a check charged to that account for $506.25. On page 10 the footings are extended as $46,941.37; they should be $46,-041.37, a difference of $900. On page 11 the footings are extended as $67,193.15; they should be extended as $66,193.15, a difference of $1,000. This leaves a difference in the balance column of page 11 of $5.

*Q.* 35. One of the checks previously testified to was C. H. Smith's, $493.75, and that, as I understand your testimony, is restored? *A.* Yes, sir.

*Q.* 36. The balance is jumped? *A.* Yes, sir.

*Q.* 37. Now, as to the assumption regarding M. C. Smith, $506.25, where that was improperly charged, as I understand your testimony, her account was jumped $406.25, which left it still short $100? *A.* Yes.

*Q.* 38. That does not appear there? *A.* That $100 is not restored.

*Q.* 39. It is still $100 short? *A.* It is still $100 short.

*Q.* 40. All right. Go ahead. *A.* April 17, a deposit of $5 entered to the credit of the Standard Action Company, but not included in the balance. Now, that is extended as $15,790.19; and it should be $15,795.19.

*Q.* 41. That would apparently reduce that shortage in that account to even figures? *A.* It would reduce the shortage to the bank by $5.

*Q.* 42. Yes; I mean it would reduce the shortage in the bank $5? *A.* Yes. The balance was not short, because he had restored it; this $5 restored that amount to the bank, because he did not include it in the balance, although the $5 went into the bank's assets.

*Q.* 43. That, apparently, was a repayment of $5? *A.* Yes, sir. On April 18, page 4, the total of the balance column is $67,274.65; it appears on the ledger as $52,424.65, a difference of $14,850. And the previous difference of $1,005 on page 11 has been eliminated; and $5 in the extension of his totals restored to the account in cash. On April 20, page 4, the total of the check column is $1,039.33, it appears on the ledger as $1,989.33, a difference of $950. On April 22 (which is misdated April 21), page 4, the total of the balance column is $66,140.04; the ledger shows $50,340.04, a difference of $15,800. On April 23 (misdated April 22), page 4, the total of the check column is $197.50; it appears on the ledger as $497.50, a difference of $300. Account errors in cash, debit balance of $32.49, not extended. The total of the balance column is $66,137.07; it appears on the ledger as $50,004.58, a difference of $16,132.49. April 24 there is nothing. On April 25, page 4, the total of the balance column is $67,366.85; it appears on the ledger as $51,266.85, a difference of $16,100. April 26, nothing. April 27, page 4, the total of the check column is $1,510.33; it appears on the ledger as $1,710.33, a difference of $200. On April

29, page 4, the total of the balance column is $66,495.48; it appears on the ledger as $50,195.48, a difference of $16,300. April 30, the footings on page 4 are extended as $49,408.34; they should be $50,108.34, a difference of $700. The balance (on page 4) of Edwin Dresser is extended as $35,426.79; it should be $52,426.79, a difference of $17,000. On page 6 the footings are extended as $20,268.62; it should be $19,568.62, a difference of $700. On the same day the balance of F. A. Kennedy is extended as $7,861.16; it should be $7,161.16, a difference of $700. Also on that account I find a credit of $135, against which is marked "Do not list". The deposit of $135, together with the raise in balance of $700, makes a total of $835, and is the amount of a check charged on February 15 of $835.

*Q.* 44. Then, if I have followed you correctly, the only shortage that was left in the three accounts that I have previously mentioned was $100, M. C. Smith? *A.* Yes, sir.

*Q.* 45. Assuming that the M. C. Smith account was $100 short, and the Edwin Dresser account being $17,000 short, as you have just testified, what was the total shortage on April 30, 1907? *A.* $17,100.

*Q.* 46. Total shortage? *A.* Yes, sir.

*Q.* 47. And how much of that $17,100 was apparent on the books? *A.* $17,000 of it was apparent.

*Q.* 48. Making an increase in the shortage in April, 1907, of how much? *A.* $5,235.

Mr. BATES. During the month of April?

Mr. NAY. April, 1907.

*Q.* 49. We have got to the end of April, Mr. Fraser. Proceed from that time on in the same way, giving the particulars for each day. *A.* On May 1 there was nothing. On May 2 there was nothing. On May 3 there was nothing. May 4, nothing. May 6 —

*Q.* 50. When you say that there is nothing, just what do you mean? *A.* I mean there are no differences.

*Q.* 51. But take it on May 3, when you said there was nothing — I think that was one of the days when you said there was nothing — *A.* Yes, sir.

Mr. MORSE. May I look over your shoulder a moment, and see what you have there?

The WITNESS. Yes. At this time there were twelve pages of the ledger. Later on there were fourteen. This amount here shows my addition of the deposit column; that amount shows my addition of the checks column, and this amount my addition of the balance column. Replying to your question, Mr. Nay, I meant that there had been no change in the amount of the shortage.

*Q.* 52. Assuming, then, that there had been no change in the amount of shortage, and that on May 3 the shortage was $17,100, what appeared on the books relative to it, or how was it concealed on the books, on that particular day? *A.* That particular day is a day when the balances were not extended, and I did not attempt to make an addition of the balance column; but if you want to date that back to May 2 I could explain that matter, perhaps, more satisfactorily.

*Q.* 53. Well, go ahead with May 2. *A.* That is concealed on that day, $17,000 of it, in the balance of Edwin Dresser, which has been dropped, and $100 of it in the account of M. C. Smith, which had been charged with a check of $506.25, of which $406.25 had been restored.

*Q.* 54. That is, you do not mean, when you say "nothing on May 2", that the books were absolutely correct on that day? *A.* No. As a matter of fact, the books are not correct on any day from November, 1906, to the time of the close of the bank in 1910.

*Q.* 55. Go on. *A.* May 6, nothing. May 7, nothing. May 8, nothing. May 9, nothing. May 10, nothing. May 11, nothing. May 13, nothing. May 14, nothing.

Mr. MORSE. May I ask, for information, whether you mean that there had been no shifting or changing during that time?

The WITNESS. No, sir.

Mr. MORSE. That is, it still remained charged to Edwin Dresser's account?

The WITNESS. Yes, sir; and until such time as I give something fresh. Now, these days where you see no balances are days when he did not extend his balances in full. May 15, nothing. May

16, nothing. May 17, nothing. May 18, nothing. I think there are quite a number of these days —

Mr. MORSE. Well, make a jump as far as you can.

Mr. NAY. No; I would rather that you would take them as they come.

The WITNESS. May 20, nothing. May 21, nothing. May 22, nothing. May 23, nothing. May 24, nothing. May 25, nothing. May 27, nothing. May 28, nothing. May 29, nothing. May 31, nothing.

*Q.* 56. So that at the close of May, 1907, the shortage still remained at $17,100? *A.* Yes, sir.

*Q.* 57. All right. Go ahead. *A.* June 1, nothing. June 3, nothing. June 4, page 10, the balance of George H. Rugg is extended as $4,700.39; it should be $4,600.39, a difference of $100. And the balance of Nat J. Somers is extended as $937.40; it should be $1,037.40, a difference of $100. The figure "6" appears over the "7" in the case of the Rugg balance, and is interlined in pencil from this date up to the 10th day of July.

Mr. MORSE. Do those two balances offset each other?

The WITNESS. Yes, sir.

*Q.* 58. And that does not indicate any further taking, does it? *A.* No, sir.

*Q.* 59. It is a clerical error? *A.* Yes, sir.

The MASTER. Is it a clerical error, or a correction of one account by putting it in another?

The WITNESS. It is merely a clerical error. I should say he made an error in two balances, and one offset the other, and he did not discover it until along in July, and then he went back and put in a "6" over the "7" in Rugg's balance, all the way back, to indicate that it should be a "6".

*Q.* 60. It didn't increase the shortage? *A.* No, sir.

*Q.* 61. Anything else on that day? *A.* No, sir. June 5, nothing. June 6, nothing. June 7, nothing. June 8, nothing. June 10, nothing. On June 11, page 4, the total of the balance column is $60,603.74; it appears on the ledger as $43,603.74, a difference of $17,000. On the same page the balance of Edwin Dresser is

extended as $45,226.79; it should be $28,226.79, a difference of $17,000.

Mr. MORSE. That is, $17,000 added?

The WITNESS. Yes, sir. That is, the $17,000 that had been dropped was restored on this date by extending his balance, which should be $28,226.79, as $45,226.79. I say here that it should be so much as per the previous day's figures.

Mr. MORSE. In other words, that is a fictitious addition.

The WITNESS. Yes, sir. On June 12, nothing. On June 13, the difference of $17,000 on page 4.

*Q.* 62. In the additions? *A.* Yes. On June 14, nothing. On June 15, page 4, the total of the check column is $3,606.59; it appears on the ledger as $4,106.59, a difference of $500. On June 17, the difference on page 4 of $17,500.

*Q.* 63. That is increased from $17,000 to $17,500? *A.* Yes, sir. On June 18, the same. On June 19—

*Q.* 64. You mean the same difference? *A.* I mean the same difference, the same as the previous difference. On June 19 there is nothing. On June 20, the same difference on page 4, the same difference of $17,500. On June 21, nothing. On June 22, nothing. On June 24, the same difference on page 4 of $17,500. On June 25, page 4, the total of the check column is $222.37; it appears on the ledger as $322.37, a difference of $100. And on the same page the footings are extended as $57,400.41; they should be $39,800.41, a difference of $17,600. On page 7 the balance of Boghes D. Manasian is extended as $404.96; it should be $304.96, a difference of $100. And on the 18th day of May there was a check charged to that account of $100, which has been testified to as a false entry. On the same page the footings are extended as $24,005.21; it should be $23,905.21, a difference of $100. On page 11 the balance of Margaret Toomey is extended as $2,823.65; it should be $2,523.65, a difference of $300; and on the 24th of May there was a check charged to that account for that amount, which it has been testified was a false charge. The footings on that page are extended as $54,361.33; it should be $54,061.33, a

difference of $300. On June 26 there is nothing. On June 27 there is nothing. On June 28, nothing. June 29, nothing.

*Q.* 65. What, then, do you figure was the total shortage at the close of business on the 30th of June, as it appears on the books? *A.* $18,100.

*Q.* 66. And the increase from May 31, 1907, was in the item of $500 on June 16, $100 on June 24 and these two raised balances to the amount of $100 and $300 to offset checks charged into those accounts in May? *A.* Yes, sir.

*Q.* 67. So that — this is leading, but I will ask it unless it is objected to — so that he did take $400 in May, but charged it into two accounts? *A.* Yes, sir.

*Q.* 68. By what appeared to be checks drawn by those people? *A.* Yes.

*Q.* 69. All right. Now proceed with July.

The MASTER. Now, all of this was apparent on the books about that $18,100?

*Q.* 70. How much of that $18,100 shortage at the end of June was detectable from the books? *A.* $18,000 of it.

*Q.* 71. And the $100 that was not detectable was in the Martha C. Smith false balance? *A.* Yes, sir. On July 1 there was nothing. July 2, nothing. July 3, nothing. July 5, nothing. July 6 there is a check charged to the account of G. W. Coleman for $152 (page 3). The balance is not extended, but it should be overdrawn $150.49. There is also a check charged on the same day and the same page to the account of W. L. Hayden, Trustee, for $141.51. The balance is extended in pencil. It should show an overdraft of $23.04.

*Q.* 72. That is, the checks are charged to those accounts, but the balance is not extended? *A.* Yes; that is —

*Q.* 73. If it had been extended in each case it would have shown an overdraft? *A.* Yes, sir; but in the case of Hayden it was extended in pencil. It indicated a credit balance, and it should have shown a debit balance.

*Q.* 74. That is, he was given an amount to his credit, when he should have been given an amount to his debit? *A.* Yes, sir. On

July 8 there is a check charged to the account of G. W. Coleman, page 3, for $152. The balance is not extended. It should be overdrawn $302.49. The total of the balance column on page 3 is $22,527.13; it appears on the ledger as $22,224.64, a difference of $302.49. On the same day, page 5, the total of the check column is $1,589; it appears on the ledger as $1,565.25, a difference of $23.75. The total of the balance column is $20,794.51; it appears on the ledger as $20,818.26, a difference of $23.75. There is a counter check charged to the account of Aaron Hale for $23.75 not in the total. On page 6 of the same day the balance of W. L. Hayden, Trustee, should show an overdraft $48.04. It was not extended. On the same day and page the total of the balance column is $21,661.59; it appears on the ledger as $21,613.55, a difference of $48.04. On page 10 the total of the deposit column is $1,474.59; it appears on the ledger as $1,450.84, a difference of $23.75. The total of the balance column is $46,775.04; it appears on the ledger as $46,751.29, a difference of $23.75. And there is a deposit to the credit of Lucy J. Russell of $23.75 not in the total.

*Q.* 75. Now, take the transactions which you have detailed on that particular day; do you figure that there was an increase in the shortage on that day? *A.* There was really an increase in the shortage, on account of the Coleman overdraft and the Hayden overdraft, but it was only temporary. Those things are taken care of as we go along. There are other differences that wash these, don't you know?

*Q.* 76. That is, these items of $23.75 do not make any permanent addition in the shortage? *A.* No, sir. On July 9 there is nothing. July 10 there is nothing. July 11, nothing. July 12, nothing. July 13, nothing. July 15, nothing. July 16, nothing. July 17, nothing. July 18, nothing. July 19, nothing. July 20, nothing. July 22, nothing. July 23, nothing. July 24, nothing. July 25, nothing. July 26, nothing. July 27, nothing. July 29, nothing. July 30, nothing. July 31, nothing.

*Q.* 77. Then what was the total shortage at the end of July 31? *A.* July 31 there was the same shortage, $18,100.

*Q.* 78. It had not increased during the month? *A.* No, sir.

*Q.* 79. And of that $18,100 shortage, how much was capable of being detected by an examination of the books? *A.* $18,000.

*Q.* 80. Now take August 1. *A.* August 1, page 6, the total of the check column is $1,430.08; it appears on the ledger as $1,313.08, a difference of $117. The total of the deposit column is $526.81; it appears on the ledger as $409.81, a difference of $117.

*Q.* 81. That is, on that page the total check column was $117 too much? *A.* Too little; the check column too little, and the deposit column too little, and one offset the other.

*Q.* 82. Oh, yes. *A.* August 2, nothing. August 3, page 4, the total of the check column is $698.57; it appears on the ledger as $1,098.57, a difference of $400. The balance of W. L. Hayden, Trustee, was extended as $555.97; it should be $155.97, a difference of $400. There is a counter check on that day charged to Hayden's account for $400, and also a credit to G. W. Coleman of $400. On that same day and page the footings are extended as $56,527.96; it should be $56,127.96, a difference of $400.

*Q.* 83. What does that difference represent? *A.* It represents a shortage of $400.

*Q.* 84. A fresh shortage? *A.* Yes, sir. On August 5 there is nothing. On August 6, nothing. On August 7, page 4, the total of the check column adds $445.12; it appears on the ledger as $1,045.12, a difference of $600.

*Q.* 85. That is what date? *A.* August 7. On August 8, page 4, the check column adds $147.28; it appears on the ledger as $1,147.28, a difference of $1,000. The footings on that page are extended as $56,729.30; it should be $55,129.30, a difference of $1,600. On page 6 the total of the check column is $3,229.75; it appears on the ledger as $2,229.75, a difference of $1,000. The balance on that page of W. L. Hayden, Trustee, is extended as $1,630.92; it should be extended as $630.95, a difference of $1,000. There is a counter check charged to that account of $1,000; also a deposit to the credit of G. W. Coleman of $1,000.

*Q.* 86. The result of that day's transactions is what? *A.* $1,000 short. August 9, nothing. August 10, nothing. August 12, nothing. August 13, nothing. August 14, nothing. August 15,

nothing. August 16, nothing. August 17, page 12, the total of the check column is $2,333.95; it appears on the ledger as $3,333.95, a difference of $1,000. The balance of the Standard Action Company is extended as $14,296.40; it should be $15,296.40, a difference of $1,000. Under August 19 there is nothing. August 20, nothing. On August 21, page 3, the total of the check column is $583.47; it appears on the ledger as $548.18, a difference of $35.29. And the total of the deposit column is $342.29; and it shows on the ledger as $307, a difference of $35.29.

*Q.* 87. What is the net result of that day's operations? *A.* No change. On August 22 there is nothing. August 23, nothing. August 24, nothing. August 26, nothing. August 27, nothing. August 28 nothing. August 29, on page 8, the total of the check column is $1,849.63; it appears on the ledger as $847.13, a difference of $1,002.50. The total of the deposit column is $2,044.49; it appears on the ledger as $1,041.99, a difference of $1,002.50.

*Q.* 88. And that represents what? *A.* No change; simply a correction. On August 30 there is nothing. On August 31 there is nothing.

*Q.* 89. Then at the end of August, 1907, what do you figure that the total shortage amounted to? *A.* $20,100.

*Q.* 90. How much? *A.* $20,100.

*Q.* 91. I thought it was $21,100. *A.* No; it was $18,100, increased by $400, $600 and $1,000.

*Q.* 92. Weren't there two items of $1,000 each? *A.* No.

*Q.* 93. August 8 there was $1,000, was there not? *A.* On August 8 there was $1,000.

*Q.* 94. A fresh taking? *A.* Yes.

*Q.* 95. Wasn't there another on August 17? *A.* Yes, there was; yes. Yes, I am wrong on that; it should be $21,000.

*Q.* 96. $21,100? *A.* Yes, sir.

*Q.* 97. And of that total shortage at the end of August, $21,100, how much could have been detected from the books?

Mr. MORSE. Well, when you say "could have been detected", you mean by someone who was familiar with the books?

Mr. NAY. By careful examination. I only want to know how much appeared on the books, and how much was concealed.

Mr. MORSE. How much was visible —

*A.* Only $20,000.

*Q.* 98. Where was the $1,100 concealed? *A.* $1,000 in the Standard Action Company account, and $100 in the M. C. Smith account. That is why I overlooked that balance.

Mr. MORSE. Is the Edwin Dresser account all right, may I ask, at this time?

The WITNESS. Yes, sir. On September 3, on page 6, the balance of W. L. Hayden, Trustee, is extended as $1,110.67; it should be $110.67, a difference of $1,000. The footings on that page are extended as $12,015.37; it should be $11,015.37, a difference of $1,000, which appears in pencil over the total of the balance column. On page 12 the footings are extended as $33,852.83; it should be $34,852.83, a difference of $1,000.

*Q.* 99. And the result of that day's transactions was what? *A.* $1,000 short. The difference in the footings transferred the shortage from one page to another. On September 4, page 6, the balance of W. L. Hayden, Trustee, is extended as $1,244.67; it should be $244.67, a difference of $1,000. The footings on that page are extended as $12,317.69; it should be $11,317.69, a difference of $1,000, which appears in pencil over the total of the balance column. On page 12 the footings are extended as $33,805.23; it should be $34,805.23, a difference of $1,000.

*Q.* 100. And that day's transactions amounted to what? *A.* To $1,000 shortage. September 5, page 11, the total of the check column is $331.88; it appears on the ledger as $1,931.88, a difference of $1,600. The total of the balance column is $32,152.45; it appears on the ledger as $30,552.45, a difference of $1,600, which appears in pencil over the total of the balance column.

*Q.* 101. Whether or not that represents a fresh taking? *A.* Yes, sir; $1,600. Page 12, the same date, the total of the balance column is $36,399.40; it appears on the ledger as $34,399.40, a difference of $2,000, which appears in pencil over the total of the balance column.

*Q.* 102. A difference of $2,000? *A.* Yes, sir. That is the two previous $1,000 items which have been transferred from page 6 to page 12.

*Q.* 103. Oh, that is right. *A.* I find that on the day preceding this he gave a check to Towle & Fitzgerald for $841 and a check to Hayden, Stone & Company for $840. September 6 there was nothing. September 7, nothing. September 9, there is a difference of $1,600 in the balance column of page 11, and also a difference of $2,000 in the balance column of page 12, both of which amounts appear in pencil over the total of the balance column on those pages.

*Q.* 104. You mean that the addition of those columns are that much short? *A.* No; the addition is over; that is, the amount that appears on the ledger is less than it should be.

*Q.* 105. Yes; I mean Coleman's figures of the addition are less than the true addition? *A.* Yes. On September 10, page 3, the balance of G. W. Coleman is extended as $1,074.93; it should be $74.93, a difference of $1,000. The footings are extended as $27,382.30; it should be $26,382.30, a difference of $1,000. On page 6 the balance of W. L. Hayden, Trustee, is extended as $1,721.50; it should be $721.50, a difference of $1,000. The footings are extended as $15,456.01; it should be $14,456.01, a difference of $1,000. On page 11 there is the same difference of $1,600 in the balance column, and on page 12 the footings are extended as $29,377.05; it should be $31,377.05, a difference of $2,000. The total of the balance column is $33,377.05; it appears on the ledger as $29,377.05, a difference of $4,000.

*Q.* 106. Now, do those changes in Coleman's balance and in Hayden's balance indicate a fresh taking? *A.* Yes, sir.

*Q.* 107. Of how much? *A.* Of $1,000 in each case.

*Q.* 108. $2,000 in all. *A.* And the difference is transferred from those pages to page 12, making the difference in the balance column there $4,000.

*Q.* 109. That is the largest single taking up to that time, I think. *A.* September 11 there is nothing. On September 12 the balance column, page 11, shows a difference of $1,600, and on page 12 a

difference of $4,000. On September 13 there is nothing. September 14, nothing. September 16, page 11, the total of the check column is $2,372.92; it appears on the ledger as $2,772.92, a difference of $400. The total of the balance column on that page is $31,844.27; it appears on the ledger as $29,844.27, a difference of $2,000, which appears in pencil over the total of the balance column; also on page 12 the difference of $4,000 in the total of the balance column.

The MASTER. By that statement that it appears in pencil, do you mean that apparently the shortage was minuted in pencil?

The WITNESS. Yes.

Mr. NAY. You might get the book and show his Honor that. He has repeatedly testified to things appearing in pencil.

The MASTER. Yes; that is why I asked him about it.

The WITNESS. [*Producing the depositors' ledger, page 12.*] There is the total of the balance column, and you see that that is put in there in pencil, $4,000, right over that.

[*The entry in the depositors' ledger is examined by the master and by Mr. Morse.*]

Mr. MORSE. Is that the amount of the error?

The WITNESS. That is the amount of the difference on that page in that column.

Mr. MORSE. That is, those two added together would make the correct amount?

The WITNESS. Yes, sir.

The MASTER. That is to say, it is that amount short?

The WITNESS. Yes, sir; that appears on the other page in the same way.

Mr. MORSE. I remember calling attention to some entries of that kind when Coleman was on the stand. That is the same sort of thing, is it, on this page?

The WITNESS. Yes.

Mr. MORSE. It is a private key, I suppose, that he had?

The WITNESS. Yes; his memorandum of the shortage.

*Q.* 110. Take the transactions of September 16, that you have just testified to; how much, if any, did that increase the shortage?

*A.* $400. September 17, on page 11, appears the difference of $2,000 in the balance column, and on page 12 the difference of $4,000 in the same column. On September 18 there is nothing. September 19, page 12, the total of the check column is $499.56; it appears on the ledger as $1,499.56, a difference of $1,000. The total of the balance column is $50,288.33; it appears on the ledger as $45,288.33, a difference of $5,000; also the difference on page 11 of $2,000.

Mr. NAY. If your Honor adds these sums for September, you will find that, so far, they have made just $7,000, and those two discrepancies in the addition are just $7,000.

The WITNESS. September 20, nothing. September 21, nothing. September 23 appears the difference of $2,000 on page 11 in the balance column and $5,000 on page 12 in the same column. In the case of page 11 the amount appears in pencil. On September 24 there is the difference on page 11 of $2,000, and the difference on page 12 of $5,000. On September 25 there is nothing. September 26, the same difference on page 11, $2,000, and on page 12 $5,000. September 27 there is nothing. September 28 there is nothing. On September 30 appears the same difference on page 11, $2,000, and on page 12, $5,000.

*Q.* 111. Now, what was the total of the shortage at the end of business on September 30? *A.* $28,100.

*Q.* 112. The amount taken in September being— *A.* $7,000.

*Q.* 113. $7,000. And of that total shortage of $28,100, how much could have been detected from the books, as distinguished from what was charged up to individual accounts? *A.* $27,000.

*Q.* 114. The only accounts being the same ones before referred to, the Standard Action Company and this Mrs. Smith's account? *A.* Yes, sir.

*Q.* 115. Now take October. *A.* October 1 the same difference appears on page 11, $2,000; and on page 12, $5,000; and in each case the amount appears in pencil over the total of the balance column. On October 2, nothing. October 3 appears the same difference, on page 11, of $2,000; and on page 12, $5,000. October 4 there is nothing. October 5, nothing. October 7 appears the same

difference, on page 11, of $2,000; and on page 12, $5,000. October 8 appears the same difference, on page 11, of $2,000; and on page 12, $5,000. On October 9 there is nothing. October 10 appears the same difference, on page 11, of $2,000, and on page 12, $5,000. On October 11 there is nothing. On October 12, page 6, on line No. 38, is extended a deposit of $1,000, and checks are charged to the amount of $561.25 and $240.63, making a total of $801.88; and a balance of $198.12 is extended, but no name appears on the line. It is entered until the 17th of October on a new folio on which is entered the name of W. L. Hayden. On page 10 the total check column is $501; it appears on the ledger as $472.50, a difference of $28.50. The total of the deposit column is $3,914.63; it appears on the ledger as $3,886.13, a difference of $28.50. On page 12 the footings are extended as $45,657.49; it should be $46,657.49, a difference of $1,000.

*Q.* 116. What is the net result of those entries on that date? Is it to increase the shortage? *A.* I should say it was increased $1,000.

*Q.* 117. The Hayden entry you don't consider increases it? *A.* I don't think that does change the position at all. There is nothing to show that that deposit of $1,000 was not legitimate, and I only called attention to the fact that it went along without having any name on the line at all.

*Q.* 118. It appears from your testimony that a $1,000 credit is given Hayden, which may have been a genuine credit, and may not; but it also appears that several pages later on the footings are extended as $1,000 too little. Now, with those two entries on that same page, can you state whether that did represent a fresh taking of $1,000 or not, in your opinion? *A.* I should like to look at the book on that. It is not clear to my mind just at the moment just what the effect of that was.

[*The depositors' ledger is produced by the witness.*]

*Q.* 119. Wouldn't Earl's book show something on that? *A.* It might, or might not; but it wouldn't prove anything, because there might be more than one deposit of $1,000.

*Q.* 120. But if there was not any of $1,000, that would settle it? *A.* Yes, if there was not any of $1,000. [*To the master.*] I show

you, if you would like to see it, this account. You see the line is entirely blank there on the depositors' ledger. Hayden had an account up there as trustee, but this does not show any name at all; and here it is written in.

*Q.* 121. Now, it appears here, on Earl's book, that no one made a deposit of $1,000 on that day, Earl's book having all the deposits. Having before you the fact that Mr. Earl's book on October 12, 1907, shows no deposit whatever of $1,000, are you able to say whether or not there was a fresh taking on that day? *A.* I should say there was a fresh taking.

*Q.* 122. Of how much? *A.* $1,000.

*Q.* 123. Well, go ahead. *A.* October 14 the same difference appears on page 11, $2,000; and on page 12 it was increased to $6,000. On October 15 appears the same difference on page 11, $2,000; and on page 12, $6,000. Both amounts appear in pencil over the total of the deposit column. On October 16, page 6, the total of the check column is $1,570.35; it appears on the ledger as $1,370.35; and the total of the deposit column is $623.90; it appears on the ledger as $423.90, a difference in each case of $200.

*Q.* 124. Which represented — *A.* Nothing; that is, no increase in shortage.

*Q.* 125. Oh, didn't it? *A.* No; one offsets the other. On October 17 appears the usual difference, on page 11, of $2,000; and on page 12, $6,000. On October 18 there is nothing. On October 19, page 7, the total of the deposit column is $1,146.38; it appears on the ledger as $1,096.38, a difference of $50. The footings on that page are extended as $24,319.96; it should be $24,269.96, a difference of $50. And on page 12 the total of the check column is $2,703.45; it appears on the ledger as $2,653.45, a difference of $50. The footings on that page are extended as $45,887.13; they should be $45,937.13, a difference of $50.

*Q.* 126. What does that represent? *A.* Merely a correction, or a transfer from one page to another.

*Q.* 127. Not a fresh shortage? *A.* Yes. It also represents that this transfer was made without a regular ticket going through the books, appearing on the general ledger, otherwise there wouldn't

have been the difference in the addition of these columns. On October 21 the same difference on page 11, $2,000; and on page 12, $6,000. October 22, the same difference, page 11, $2,000; page 12, $6,000. October 23, nothing. October 24, nothing. October 25, page 6, the total of the check column is $787.63; it appears on the ledger as $612.63, a difference of $175. The total of the deposit column is $857.51; it appears on the ledger as $682.51, a difference of $175.

*Q.* 128. What does that represent? *A.* Merely a correction. On page 11 the total of the check column is $404.82; it appears on the ledger as $236.30, a difference of $168.52. The total of the deposit column is $737.52; it appears on the ledger as $569, a difference of $168.52.

*Q.* 129. Does that represent any fresh shortage? *A.* No, sir. October 26, nothing. October 28, on page 11, the footings are extended as $21,130.05; it should be $22,130.05, a difference of $1,000. The total of the balance column is $24,130.05; it appears on the ledger as $21,130.05, a difference of $3,000, which appears in pencil over the total of the deposit column. On that day there is deposited to the credit of G. W. Coleman $1,000. There is also the difference on page 12 of $6,000.

*Q.* 130. How much fresh taking on that day? *A.* $1,000. That is a similar transaction to the one that we just investigated on Hayden's account. October 29, on page 11, appears the difference of $3,000; on page 12, $6,000. On October 30 the total of the check column, page 11, is $346.32; it appears on the ledger as $296.32, a difference of $50. The total of the deposit column is $472.40; it appears on the ledger as $422.40, a difference of $50.

*Q.* 131. What does that represent? *A.* Merely a correction. October 31, page 11, appears the difference of $3,000; and on page 12, $6,000.

*Q.* 132. So at the close of business on October 31, 1907, what was the shortage? *A.* $30,100.

*Q.* 133. And how much of that $30,100 could be detected from the books? *A.* $29,000.

*Q.* 134. The Standard Action Company's account and Mrs. Smith's account still concealing $1,100 of it? *A.* Yes, sir.

*Q.* 135. Go ahead. *A.* November 1, nothing. November 2, nothing —

*Q.* 136. Let me ask this: These days when you say nothing are the days when the balances are not extended, are they not? *A.* Not always. Well, yes, unless there are days when it shows no difference in the total of the balance column.

*Q.* 137. All right. *A.* I meant more particularly that there are no changes. November 4, page 4, the total of the balance column is $32,667.95; it appears on the ledger as $52,667.95, a difference of $20,000. On that same day the balance of Edwin Dresser is extended as $23,662.82; it should be $43,662.82, a difference of $20,000. On page 11 is the difference of $3,000; and on page 12, $6,000.

*Q.* 138. No fresh taking on that day? *A.* No, sir. On November 5 appears a difference on page 4 of $20,000; on page 11, $3,000; and on page 12, $6,000. The last two amounts appear in pencil over the total of the deposit column.

*Q.* 139. So that on that day on three of the twelve pages the balance column is added wrong by the amounts which you have given? *A.* Yes, sir. On November 6 there was nothing. November 7 it shows a difference of $20,000 on page 4; $3,000 on page 11, and $6,000 on page 12. November 8, nothing. November 9, nothing. November 11 it shows a difference on page 4 of $20,000; page 11, $3,000; page 12, $6,000. On November 12, page 3, the balance of G. W. Coleman is extended $1,177.83; it should be extended as $177.83, a difference of $1,000. The footings are extended as $35,478.61; it should be $34,478.61, a difference of $1,000. On page 4 the footings are extended as $36,797.16; it should be $56,797.16, a difference of $20,000. On page 11 the balance of the estate of Samuel Sanders is extended as $567.29; it should be $8,567.29, a difference of $8,000. The footings on that page are extended as $15,676.27; it should be $20,676.27, a difference of $5,000; which, together with the previous difference of $3,000, made the difference of $8,000 that was

dropped in the Sanders account. On page 12 the balance of Charles H. Smith was extended as $871; it should be $2,871, a difference of $2,000. The footings are extended as $56,344.98; it should be $52,344.98, a difference of $4,000.

*Q.* 140. Now, how much fresh taking was there on that day? *A.* $1,000.

The MASTER. $1,000?

The WITNESS. $1,000.

*Q.* 141. At that time there were fourteen pages on the ledger? *A.* Yes, sir.

*Q.* 142. And on how many of those pages were there false extensions or errors in additions? *A.* On four of the fourteen.

*Q.* 143. Four of the fourteen. Yes. *A.* On November 13 there was nothing. November 14, nothing. November 15, nothing. November 16, nothing. November 18, nothing. November 19, on page 11, the total of the balance column was $15,946.56; it appears on the ledger as $19,546.56, a difference of $3,600. The footings are extended as $19,546.56; it should be $15,946.56, a difference of $3,600.

*Q.* 144. Now, what does that represent? *A.* That is an error. That is corrected the next day.

*Q.* 145. Not a fresh taking? *A.* No, sir. On November 20, page 11, the footings are extended as $15,466.83; it should be $19,066.83, a difference of $3,600, which offsets a difference of the same amount on the 19th. November 21 there is nothing. November 22, nothing. November 23, page 5, the footings are extended as $20,211.34; it should be $20,271.34, a difference of $60.

*Q.* 146. Does that represent a fresh taking? *A.* No, sir. It is corrected the next day, or on the 25th. On the 25th the footings are extended as $17,675.47; it should be $17,615.47, a difference of $60, which offsets the same amount on the 23d. November 26 there was nothing. November 27, nothing. November 29 there were clearing house checks charged to M. L. Lipskey, $200 and $27.17, making $227.17, extended in the total check column as $200.

*Q.* 147. Was that anything beyond a clerical error? *A.* Well, it doesn't show anything. I was told by Mr. Coleman that it meant that the $27.17 check was probably returned, and not taken out of the book.

*Q.* 148. It doesn't increase the shortage? *A.* It doesn't increase the shortage. On November 30, page 10, the total of the check column is $859.67; it appears on the ledger as $838.67, a difference of $21. The total of the deposit column is $2,214.05; it appears on the ledger as $2,193.05, a difference of $21.

*Q.* 149. What does that represent? *A.* A correction.

The MASTER. That is November 30?

The WITNESS. Yes, sir.

*Q.* 150. Then the shortage on November 30 was how much? *A.* $31,100.

*Q.* 151. And how much at that time was detectable on that day from the book? *A.* $30,000.

*Q.* 152. No; wasn't the Samuel Sander's account — *A.* Oh, no; I am wrong.

The MASTER. You said that in October there was $29,000 out of the $30,100 that could be detected from the book.

Mr. NAY. But at the end of the last month there were two shortages, $1,000 and $100, that were charged up to the Standard Action Company's and Mrs. Smith's accounts; that made $1,100. Now, during this month he dropped the Samuel Sanders account $8,000 —

Mr. DEAN. He dropped Edwin Dresser's balance on November 24, $20,000; Samuel Sanders' balance on November 12, $8,000; and Charles H. Smith's balance on November 12, $2,000 —

The WITNESS. None of it was detectable then. It was all concealed.

*Q.* 153. That is, by that time he had concealed this $31,000 in four or five accounts? *A.* Five accounts.

*Q.* 154. The Edwin Dresser account, the Standard Action Company account, the Mrs. Smith account, the Samuel Sanders account and the Charles H. Smith account? *A.* Yes, sir.

The MASTER. That is, they couldn't have been detected without the aid of their deposit books and —

The WITNESS. No, sir.

Mr. NAY. They could by looking through the different months.

Mr. BATES. It was detectable from the books, but not from the ledger page of this particular date.

The MASTER. Yes; that is the point.

*Q.* 155. Now go ahead with December. *A.* December 3, page 4 —

*Q.* 156. Why do you skip December 1 and 2? *A.* December 1, apparently, was Sunday. December 2, nothing. December 3, page 4, the balance of Edwin Dresser is extended as $43,462.82; it should be $23,462.82, a difference of $20,000.

Mr. NAY. Pass-book time!

The WITNESS. On the same day and page the total of the balance column is $55,706.66; it appears on the ledger as $35,706.66, a difference of $20,000. December 4, nothing —

*Q.* 157. That is, on December 3, having restored Mr. Dresser's balance, given Mr. Dresser his correct balance, the additions of the balance column were necessarily false? *A.* Yes, sir. On December 5, page 4, the balance of Edwin Dresser is extended as $23,462.82; it should be $43,462.82, a difference of $20,000.

*Q.* 158. A drop of $20,000? *A.* Yes, sir. December 6, nothing. December 7, nothing. December 9, nothing. December 10, page 3, the total of the check column is $2,759.12; it appears on the ledger as $2,623.62, a difference of $135.50. The total of the deposit column is $810.39; it appears on the ledger as $674.89, a difference of $135.50. And on page 4 the balance of Edwin Dresser is extended as $43,262.82; it should be extended as $23,262.82, a difference of $20,000.

*Q.* 159. What does that $135.50 represent? *A.* It represents a correction of some previous error.

*Q.* 160. Oh, not a fresh taking? *A.* No, sir. Page 11, the total of the check column is $1,434.03; it appears on the ledger as $1,369.03, a difference of $65. The total of the deposit column is $1,308.25; it appears on the ledger as $1,243.25, a difference of $65. On December 11, page 12, the total of the check column is $536.73; it appears on the ledger as $466.18, a difference of

$70.55. The total of the deposit column is $346.54; it appears on the ledger as $275.99, a difference of $70.55.

*Q.* 161. Does that $70.55 represent a fresh taking? *A.* No, sir. On December 12, page 4, appears a difference of $20,000 in the total of the balance column. On December 13, nothing. December 14, nothing. December 16, it shows a difference of $20,000 on page 4. December 17, page 3, the balance of G. W. Coleman is extended as $858.90; it should be $458.90, a difference of $400. On the same page the total of the balance column is $23,542.55; it appears on the ledger as $23,142.55, a difference of $400.

*Q.* 162. What was that? *A.* That was a fresh taking. Also, on page 4, appears the difference of $20,000. December 18, nothing. December 19 shows a difference of $400 on page 3, and $20,000 on page 4. December 20, nothing. December 21, nothing. December 23 shows a difference of $400 on page 3, and $20,000 on page 4. December 24 shows a difference of $400 on page 3, and $20,000 on page 4. December 26, nothing. December 27 it shows a difference of $400 on page 3, and of $20,000 on page 4. On page 5 the total of the check column is $7,487.05; it appears on the ledger as $6,027.05, a difference of $1,460. And the total of the deposit column is $1,678; it appears on the ledger as $218, a difference of $1,460.

*Q.* 163. Does that represent a fresh taking? *A.* No, sir. On December 28 the balance of G. W. Coleman is extended as $730.40; it should be $130.40, a difference of $600. December 30 shows a difference on page 3 of $1,000, and on page 4 of $20,000. December 31 shows a difference on page 3 of $1,000, and on page 4 of $20,000.

*Q.* 164. So that what was the total of the shortage on December 31, 1907? *A.* $32,100.

*Q.* 165. The increase in the month of December having been — *A.* $1,000.

*Q.* 166. And how much of that $32,100 could have been detected from an examination of the depositors' ledger of that particular day? *A.* $21,000.

*Q.* 167. The balance being concealed — *A.* Concealed in individual accounts.

*Q.* 168. But discoverable by turning back? *A.* Oh, yes; an examination of the books for a few weeks might show it, but not for that particular day.

*Q.* 169. Well, we have pretty nearly got rid of the surplus. Go ahead now. *A.* January 1, 1908, nothing. On January 2 appears a difference of $1,000 on page 3, and on page 4, $20,000. I have noted here that on this date a very noticeable thing on page 4 is the fact that the balance of Edwin Dresser was larger than the entire footing of the page and as that balance was only separated from the footing by two other balances the discrepancy was very noticeable.

*Q.* 170. Let us look at the book for that.

[*The depositors' ledger is produced, and is examined by the master and by counsel.*]

The WITNESS. I said "two other balances". There are three balances.

Mr. NAY. Change that "two" to "three".

The WITNESS. There is his balance there, forty-four thousand, and the total of the whole page is added as thirty-four thousand.

The MASTER. Well, that might be —

Mr. MORSE. I suppose that I might have looked at that page a hundred times without discovering that, too.

The WITNESS. That is not the only time that that occurs. That is the first thing that attracted my attention.

Mr. MORSE. It would attract your attention as an expert, of course.

Mr. NAY. I want your Honor to note that Mr. Morse admits that Mr. Fraser is an expert.

Mr. MORSE. I never questioned it.

The MASTER. I was not aware that he denied it.

Mr. MORSE. I suppose that you would need a first-class expert to find these errors, anyway.

The WITNESS. On page 5, January 2, the total of the balance column is $20,722; it appears on the ledger as $20,322, a difference of $400. On page 12 the footing of the balance column is $81,046.73; it appears on the ledger as $80,746.73, a difference of $300. And on the same page the balance of the Standard Diary

Company is extended as $45,922.59; it should be $45,622.59, a difference of $300.

*Q.* 171. Now, was there any fresh taking on that day? *A.* Yes, I should say so.

*Q.* 172. How much? *A.* $300. On January 3 there is nothing. January 4, nothing. On January 6 appears a difference on page 3 of $1,000, and on page 4, $20,000; page 12, $300. On January 7 the balance of M. J. Doody, Treasurer, page 4, $138.90, is not extended. On page 5 the balance of William Dunnett, $25, is not extended. There is a balance extended to the credit of Julia E. French which does not appear to her credit on the previous day. On page 7 the balance of inactive accounts was extended as $1,535.90; it should be $1,372.89.

*Q.* 173. A difference of what? *A.* $163.01. On the same page the balance of F. A. Kennedy was extended as $7,562.75; it should be $7,862.75, and it shows an erasure. On page 12 the balance of F. C. Stratton, Special, is extended as $430.46; it should be $1,430.46. That is all on that day.

*Q.* 174. Do any of those entries indicate a fresh taking? *A.* I should say that the $300 on the Kennedy account would indicate a fresh taking.

*Q.* 175. Now, before you turn over, on how many of the fourteen pages of the ledger on that day were there errors which could have been detected from an examination of the transactions of that day, as compared with the transactions of the day previous? In answering that question, give all the errors, even small ones. On how many of the fourteen pages? *A.* On eight of the fourteen.

*Q.* 186. Go ahead *A.* January 8, nothing. January 9, appears a difference of $20,000 on page 4. On January 10 there is nothing.

*Q.* 177. Well, when you say "nothing", you mean nothing but small differences? *A.* That is all; yes. On January 11 there is nothing.

*Q.* 178. Please add that, "except small differences", or the court will get the impression that these books are correct. *A.* Except small differences. On January 13, a difference of $20,000 on page 4. On January 14 it shows a difference on page 4 of $20,000.

January 15, nothing. January 16, page 3, the total of the check column is $2,027.03; it appears on the ledger as $1,987.03, a difference of $40. The total of the deposit column is $2,650.11; it appears on the ledger as $2,610.11, a difference of $40.

*Q.* 179. What does that represent? *A.* A correction. On page 4 is the difference of $20,000. January 17, nothing. January 18, nothing. January 20, a difference on page 4 of $20,000. January 21, a difference on page 4 of $20,000. January 22, nothing. January 23, a difference on page 4 of $20,000. January 24, page 13, the total of the check column is $1,265.38; it appears on the ledger as $265.38, a difference of $1,000. The footings on this page are extended as $15,999.33; it should be $16,999.33, a difference of $1,000.

*Q.* 180. What does that represent? *A.* It might represent a restoration, as a matter of bookkeeping, but not of actual funds.

*Q.* 181. Does it indicate a fresh taking? *A.* No, sir. January 25 there was nothing. January 27, a difference of $20,000 on page 4. January 28, a difference of $20,000 on page 4. Page 11, the balance of the estate of Samuel Sanders is extended as $9,116.17; it should be $1,116.17, a raise of $8,000. The total of the balance column on page 11 is $27,191.83; it appears on the ledger as $19,191.83, a difference of $8,000.

*Q.* 182. That is, he restores the Sanders balance and conceals it in his additions? *A.* Yes, sir. January 29, on page 4, the total of the check column is $1,122.27; it appears on the ledger as $1,032.25, a difference of $90.02. The total of the deposit column is $115.02; it appears on the ledger as $25, a difference of $90.02.

*Q.* 183. Does that represent a fresh taking? *A.* No, sir. January 30 there appears a difference on page 4 of $20,000, and on page 11 of $8,000. January 31, nothing.

*Q.* 184. Then at the end of January, 1908, what do the total takings amount to?

Mr. MORSE. "Total shortage" is the term that you used before.

Mr. NAY. I mean the total shortage appearing on the books.

*A.* $32,700.

*Q.* 185. And how much of that could have been detected from an

inspection of the page of January 31, and comparing it with the previous page? *A.* $28,000.

*Q.* 186. The difference of $4,700 being concealed in previous accounts? *A.* Yes, sir.

*Q.* 187. Now, February? *A.* February 1, nothing. February 3, a difference on page 4 of $20,000. A difference on page 11 of $8,000. February 4, a difference on page 4 of $20,000. On page 8 the total of the check column is $2,033.11; it appears on the ledger as $1,958.11, a difference of $75. And the total of the deposit column is $1,050.57; it appears on the ledger as $975.57, a difference of $75.

*Q.* 188. Does that represent any fresh shortage? *A.* No, sir. On page 11 the balance of the Samuel Sanders Estate was extended as $1,156.56; it should be $9,156.56, a difference of $8,000. February 5, page 11, the total of the check column is $473.48; it appears on the ledger as $405.98, a difference of $67.50. The total of the deposit column is $1,599.17; it appears on the ledger as $1,531.67, a difference of $67.50. February 6, there is a difference of $20,000 on page 4. February 7, nothing. February 8, nothing. February 10, the difference usually appearing on page 4 has been wiped out by a raise in the extension of the page of $20,000. I haven't got the figures here. If you want me to look them up on the ledger I will do so.

*Q.* 189. I don't care for it. It is just a concealment entry? *A.* Yes, sir.

Mr. BUNKER. I would like to see that, to see just how it is done. I don't understand how it happened.

[*The depositors' ledger is produced and examined by Mr. Bunker.*]

Mr. NAY. February 10, page 4.

The WITNESS. On the preceding day he was $20,000 out of the way in his total on that page.

*Q.* 190. That is, the total was $20,000 less than the correct addition? *A.* Yes. In extending that total of his balance column from February 8 to the close of business February 10 he has raised the amount $20,000 more than it should be. The total extension

should be — I will give you the figures as long as I have got the figures here —

The MASTER. You mean, assuming that all the other figures are correctly entered?

The WITNESS. It doesn't make any difference whether all the other figures are correctly entered or not. He gets these figures here —

Mr. MORSE. The judge means that those footings are correct.

The WITNESS. No, they are not, on this day.

The MASTER. He has added $20,000 to what would be the correct footing, — that is what you mean?

The WITNESS. Yes, sir — no; to what would be an incorrect footing.

Mr. MORSE. But are the footings of those two columns correct or incorrect?

Mr. NAY. That doesn't make any difference.

Mr. MORSE. I want to know what the fact is.

The WITNESS. The total of the checks is, but the total of the balance column is not. He has corrected it without any deposit of $20,000 to account for it.

Mr. MORSE. Yes, I understand that, but I only want to find out whether the actual footing in this column is correct or not.

The WITNESS. It would not be correct if the balances were extended.

Mr. MORSE. Oh, I see. Those balances are not extended. Where does he get that footing from?

The WITNESS. He gets it here. He adds the total of the deposits to the previous day's balance, and deducts the total of the checks, which gives that balance.

Mr. MORSE. Then that is correct?

The WITNESS. No. Going back to this one, where all the balances are extended, there is a difference of $20,000.

Mr. MORSE. But if that was correct, then the process by which he reaches that conclusion is right, is it?

The WITNESS. Oh, yes, sir.

Mr. MORSE. Only what you mean is that that is incorrect, that is, the balance on February 6, 1908, the footing of the balances—

The WITNESS. Is $20,000 out of the way. Mr. Dresser's balance there is fifty-two, and the total here is forty.

Mr. NAY. Then the next time he carries it forward he jumps $20,000.

The WITNESS. This is, the next day they are all extended. You can see it right there. That is forty, and he has carried it forward as sixty.

*Q.* 191. Now, when he did that on that day did he deduct $20,000 from any other page? *A.* No. On February 11, page 4, the balance of Edwin Dresser was extended as $32,761.43; it should be extended as $52,761.43, a drop of $20,000. February 12 there was nothing. February 13, nothing. February 14, page 3, the total of the check column is $700.99; it appears on the ledger as $621.99, a difference of $79. The total of the deposit column is $361.44; it appears on the ledger as $282.44, a difference of $79.

*Q.* 192. Was that a fresh taking? *A.* No, sir. On February 15, page 14, the total of the check column is $1,290.25; it appears on the ledger as $788.64, a difference of $501.61. The total of the deposit column is $1,293.96; it appears on the ledger as $792.35, a difference of $501.61.

*Q.* 193. Is that a fresh taking? *A.* No. sir. On February 17 there was nothing. On February 18, page 3, the balance of G. W. Coleman was extended as $219.53; it should be $19.53, a difference of $200. The total of the balance column is $24,848.57; it appears on the ledger as $24,648.57, a difference of $200. On page 4 the balance of Edwin Dresser is extended as $32,661.43; it should be $52,661.43, a difference of $20,000.

*Q.* 194. Does that represent any fresh taking on that day, February 18?

Mr. DEAN. I have it here that it was dropped $20,000 on the 11th, Mr. Dresser's account, and $20,000 again on the 18th. Is that right, without any restoration in between?

The WITNESS. I think not. I think that I must have transposed my figures here. Yes, I find that it should be the other way.

Mr. DEAN. I think that that is the way that you testified.

The WITNESS. I did testify that way, I know. I have got it here that way, but I think that I have transposed my figures in putting them down.

*Q.* 195. You think that you have got it down as a drop where it really was a raise? *A.* Yes.

Mr. NAY. Yes; I think that is so.

Mr. DEAN. I can tell him, without his looking at the ledger, that there was a drop on the 11th, and a restoration on the 18th.

The WITNESS. Yes.

Mr. NAY. You had better look at it now, Mr. Fraser, since you have the book there, although I think that what Mr. Dean says is undoubtedly the case.

Mr. MORSE. You don't want to show an error of $40,000 in the figures on Mr. Dresser's account here.

The WITNESS. I will correct that. I should have said that the balance of Edwin Dresser is extended as $52,661.43, and it should have been $32,661.43, a difference of $20,000.

Mr. DEAN. On February 18?

The WITNESS. Yes. On the same date, page 4, the total of the balance column is $60,567.51; it appears on the ledger as $40,567.51, a difference of $20,000. On page 7 the total of the balance column is $20,624.16; it appears on the ledger as $20,644.16, a difference of $20. On February 19, nothing. On February 20 appears a difference of $200 on page 3, and $20,000 on page 4. On February 21 the balance of G. W. Coleman is extended as $4.53; it should be $204.53, a difference of $200.

*Q.* 196. Do you mean that he takes $200 out of himself? *A.* Yes; it is a restoration of the $200 taken on the 18th.

*Q.* 197. I see. A repayment? *A.* Yes, sir. On February 24 there appears a difference on page 4 of $20,000. On February 25, a difference, on page 4, of $20,000. And on page 11 the balance of the estate of Samuel Sanders is extended as $9,671.12; it should be $1,671.12, a difference of $8,000.

*Q.* 198. A raise of $8,000? *A.* Yes, sir.

*Q.* 199. If you will use the terms "drop" and "raise" it will

make it a little clearer. *A.* All right, sir. On the same page the total of the balance column is $29,946.59; it appears on the ledger as $21,946.59, a difference of $8,000. On February 26, nothing. On February 27 it shows a difference on page 4 of $20,000; page 11, $8,000. February 28, page 3, the balance of G. W. Coleman is extended as $11.47; it should be overdrawn $11.47, a difference of $22.94.

*Q.* 200. Does that represent a fresh taking? *A.* Yes, it does. I think it is corrected later on.

*Q.* 201. Is it repaid later on? *A.* Yes, sir.

*Q.* 202. The net result, then, of Coleman's transactions in February is that he took $200 and repaid $200, and at the end of the month extended his balance as $11.47, when it should have shown an overdraft of $11.47, making a difference of $22.94? *A.* Yes, sir.

The MASTER. So that the shortage is increased?

Mr. NAY. It is practically the same, Mr. Fraser says, because that slight overdraft was subsequently looked after, so I won't bother about that.

*Q.* 203. Assuming, then, that the previous shortage remained practically unaltered, $32,700, how much of it was detectable at this time on the books? *A.* $28,000.

*Q.* 204. And the balance was concealed in private accounts? *A.* Yes, sir.

*Q.* 205. You had just finished February 28. Are there any details on February 29? *A.* There is one of those correction entries, where the check and the deposit column on page 12 each show a difference of $175.

*Q.* 206. But that was not a taking? *A.* No. March 2, page 3, the balance of G. W. Coleman was extended as $11.47; it should show as an overdraft of the same amount, and the total of the balance column shows a difference of $22.94 — twice that amount.

The MASTER. Do you mean that that is a taking?

The WITNESS. It is temporarily, but it will be adjusted later on. On page 4 is the difference of $20,000; on page 11, $8,000. On March 3 the balance of G. W. Coleman is extended as $62.16; it should be $85.10, a difference of $22.94, which offsets the differ-

ence on the previous day. The difference, on page 4, of $20,000 appears, and on page 11 the balance of the estate of Samuel Sanders is extended as $1,626.12; it should be $9,626.12, a difference of $8,000.

*Q.* 207. That is, he charged that to that account, and corrected his additions in that way, to that extent? *A.* Yes, sir. On March 4 there is nothing. On March 5 a difference on page 4 of $20,000. On March 6, page 4, the balance of Edwin Dresser is extended as $31,961.43; it should be $51,961.43, a drop of $20,000. The balance of G. W. Coleman is extended as $8.84; it should be an overdraft of $8.84, a difference of $17.68.

*Q.* 208. Is that subsequently restored, that $17.68? *A.* Yes, sir. On March 7 the difference appears in both the check and deposit column of $64.

Mr. BUNKER. What page?

The WITNESS. Page 3. The account of Claverly Hall is charged with $64 that day, and the account of Charity Ball is credited with $64. That is merely a correction. March 9 the balance of G. W. Coleman shows in black $8.84 as a credit balance; it should be in red as an overdraft for the same amount, making a difference of $17.68. On page 4 is a difference of $20,000. On March 10, page 1, there is a difference in the check and deposit columns of $500 in each case.

*Q.* 209. Does that mean a fresh taking? *A.* No, sir; one offsets the other. On page 3 the balance of G. W. Coleman is extended as $108.84; it should show an overdraft of $8.84, a difference of $117.68.

*Q.* 210. Is that a fresh taking? *A.* I think the $100 is. I can't say just at this minute whether that was all restored or only a part. On page 4, the same date, the balance of B. Chicoine is extended as $150.44; it should be $250.44, a difference of $100. The balance of E. A. Carney is extended as $1,206.91; it should be $1,106.91, a difference of $100. On the same day and page —

*Q.* 211. But in different directions, one being $100 too much and the other $100 too little?

Mr. DEAN. One offsetting the other, then.

*A.* Yes. The same day and page, the balance of Edwin Dresser was extended as $31,961.43; it should be $51,961.43, a difference of $20,000. I would like to correct that March 6 entry. The figures on the book here were very indistinct, and I had made a note that the balance of Edwin Dresser was then extended thirty-one thousand instead of fifty-one thousand, but I think now, from an examination of the figures, that there was no change, that it was intended for fifty-one thousand up to March 10, when the balance was extended as $31,961.43, and it should be $51,961.43.

*Q.* 212. That is, that the drop occurred March 10 instead of March 6? *A.* Yes. The "3" and the "5" there are indistinct. Page 10, March 10, the total of the balance column is $16,600.95; it appears on the ledger as $16,581.05, a difference of $19.90. March 11, nothing. March 12 the account of G. W. Coleman is extended as $108.84; it should appear as overdrawn $8.84, a difference of $117.68. March 13 the balance of G. W. Coleman is extended as $8.84; it should be $68.84, a difference of $60. On March 14, page 3, the total of the check column is $893.91; it appears on the ledger as $853.91, a difference of $40; that, together with the $60 of the day previous, restores $100 of the $117.68 that he was short in his account.

*Q.* 213. Restored $100? *A.* Yes. He has charged himself with a check without putting it into the total checks. On March 16 the difference of $17.68 appears on page 3 on account of the Coleman balance. On March 17 the same difference on page 3. March 18 there is nothing. March 19 the same difference on page 3, $17.68. March 20 there is nothing. March 21, nothing. March 23, the same difference on page 3, $17.68. On March 24 the account of G. W. Coleman, the overdraft of $8.84, is extended as a credit balance, and the balance is also forced $200, or raised $200, making a total difference on that page of $217.68.

*Q.* 214. What does that $200 represent? *A.* A further stealing. On March 25 there is nothing. March 26, the same difference of $217.68 on page 3. March 27, nothing. March 28, nothing. On March 30, account of G. W. Coleman, the balance is extended as $13.66. The correct balance, as per previous day, should be

$31.34, a difference of $17.68. That is all that day. That leaves a difference on that page of $200. On March 31 the balance of E. A. Carney is extended as $1,139.15; it should be $1,239.15 a difference of $100. And the balance of B. Chicoine is extended as $384.30; it should be $284.30, a difference of $100. Both of those differences offset corresponding differences on the 10th of that same month. The balance of G. W. Coleman is extended as $278.66; it should be $78.66, a difference of $200; making a total difference on that page of $400.

*Q.* 215. A fresh taking of $200 or $400? *A.* $200. Also I find that it has been testified that on the day preceding this he paid to Hayden, Stone & Company a check for $681.25.

*Q.* 216. That makes it, then, at the end of March, if I have followed your figures correctly, that the shortage had increased $400? *A.* Yes, sir.

*Q.* 217. And stood at $33,100. The total shortage apparent on the books —

The MASTER. No, he does not say that.

Mr. NAY. I mean that that has been traced out step by step on the books.

The MASTER. $32,700 he said last night, $28,000 of which could be found by tracing on the books.

Mr. NAY. No; he said that $28,000 could be found, if I recall right, on that particular page.

The WITNESS. That particular day.

Mr. NAY. The whole of this is traceable on the books, although it is not all apparent on that last day.

The MASTER Now, take his last answer, as to this $33,100; do you say that that is all traceable on the books, without resorting to outside evidence?

The WITNESS. No; only $400 of it is traceable on this particular day.

*Q.* 217. Of this shortage on March 31 of $33,100, how much could have been detected from an examination of the ledger for March 31, comparing the accounts on the ledger that day with the accounts on the ledger the day before? *A.* $400.

*Q.* 219. Only $400. That is, the balance of the shortage, $32,700, was how concealed? *A.* In individual accounts, balances.

*Q.* 220. Now, take the shortage of $33,100; whether all that was detectable from the books if you went back far enough? *A.* Oh, yes.

*Q.* 221. In other words, all that you are testifying as to shortage is what you build up from the books themselves? *A.* Yes, sir.

Mr. BUNKER. How about that Martha C. Smith account? That is not deducible from the books, that shortage of $100 on Martha C. Smith's account.

The WITNESS. No. The only thing, I say, that could be traced on this particular day on the books is $400 —

Mr. NAY. But you just testified that all of the $33,100 could be traced from the books, without additional evidence.

The WITNESS. So it could.

Mr. NAY. Now he asks you about the Martha C. Smith account, where the check was charged in.

Mr. BUNKER. There is nothing to show where the check was —

Mr. NAY. The restoration of the balance shows within $100 the amount of the check that was charged, and an examination of her account would show that that check was not her check.

Mr. BUNKER. It wouldn't show on the book, it wouldn't show on the deposit ledger, and that is the question we are now dealing with, as I understand it.

Mr. NAY. Yes, that was the question.

The WITNESS. But the judge asked if without outside help it could be traced, did you not?

The MASTER. No; I say that, at this date, limiting it to the end of March alone, you testify that the total shortage is $33,100. Now I ask, of that shortage of $33,100, how much can be detected from the books alone,— that is, not only the books for the end of March, but from the books covering the period that you have gone over, without resorting to testimony? Is it all deducible from the books?

The WITNESS. I think it is, because I think that an examination of the Martha C. Smith account and the balance shown on her pass book —

Mr. BUNKER. That is outside of the ledger.

The MASTER. That is what I am coming to.

Mr. NAY. I think that Mr. Bunker is right on that. The Martha C. Smith balance was originally dropped about $500, was it not?

Mr. BUNKER. There was a check charged in; the balance was not dropped.

Mr. NAY. Yes. Now, later on her balance is forced $400, which would tend to show that there was a $400 false entry in connection with her account; but the other $100 is not accounted for — perhaps I should not say this, because it is argument — but I should think that this $33,100 is all deducible, with the exception of $100, from the books themselves.

Mr. BUNKER. How about the Kennedy account?

The MASTER. Perhaps I ought to state what I had in mind. How much of it up to this time —

The WITNESS. That was all restored. There was a raise in his balance of $700, and a credit of $135, which was marked "Do not list", making $835. That was April 30, 1907. That was restored.

Mr. NAY. I think that you will find everything is detectable on the depositors' ledger but that $100 to Martha C. Smith.

The WITNESS. If you confine yourself to the depositors' ledger, that is true; but the pass books of the customers are books of the bank.

*Q.* 222. But without the pass books of the customers, it is true, is it not, that $33,000 of this is revealed on the depositors' ledger? *A.* Yes, sir.

*Q.* 223. Now go ahead with April 1. *A.* On April 1 there is, on page 14, a difference in both the check column and the deposit column of $65, one of which offsets the other. On April 2, page 3, a difference of $400. April 3 there is nothing. On April 4 —

Mr. NAY. That $400, you see, is just the amount of the shortage in March, concealed on one page —

The WITNESS. On April 4, page, the morning balance of the Cambridge Y. M. C. A. is $123.46; there are checks charged of $100, $34 and $6, a total of $140, and they are extended to the total check column as $40, and only $40 is deducted from the balance.

The extension of the checks shows an erasure; and if they had been extended as they were entered the account would show an overdraft of $16.54, instead of a credit balance of $83.46, a difference of $100.

*Q.* 224. What does that amount to as a fresh taking? Is it one? *A.* I should imagine it was one of those cases where the $100 check, for some reason, was returned, was not taken out. On April 6 there is a difference in the balance column, page 2, of $100; and on page 3 a difference of $400.

*Q.* 225. Does that $100 represent a fresh taking? *A.* No, sir. On April 7, page 3, the balance of G. W. Coleman is extended as $708.58; it should be $108.58, a difference of $600.

*Q.* 226. That was what date? *A.* The $100?

*Q.* 227. The $600.

Mr. DEAN. April 7.

*Q.* 228. Is that a fresh taking? *A.* That is. On page 8 — oh, that is small; I will omit that; but I would say that on that page there is a check charged to the account of F. A. Kennedy, $650, which it has been testified is a false charge; and that on the day preceding this he paid Hayden, Stone & Company $660.

*Q.* 229. Well, does that $600 that you have just testified to, on page 3, mean that that is an addition to what he took in the check wrongfully charged to Kennedy? *A.* Yes, sir.

*Q.* 230. So that on that day the takings were how much? *A.* $1,250.

*Q.* 231. $600 being concealed in the entry on page 3, and $650 in the charge to Kennedy? *A.* Yes, sir. On April 8, page 8, there is a check charged to F. A. Kennedy of $670, which has been testified to as being a false charge. And on the day preceding he paid Hayden, Stone & Company $674.

*Q.* 232. That was what date? *A.* April 8. There is also a charge on this date to G. W. Coleman's account of $4, which, together with the Kennedy check, would make the amount he paid to Hayden, Stone & Company.

Mr. NAY. Now, at this stage, your Honor, I would call attention to the fact that this runs up the shortage to about $35,000; and at

this stage the surplus on the books of the bank, according to Earl's ledger, was $32,500, or if you add in the profit and loss on that side of the account it was a little over $37,000. And the deposits on that day were $342,246.79; so that at this time, nearly two years before the bank closed, practically 10 per cent of the bank's deposits had been taken.

*Q.* 233. Now go ahead. That $674 was what date? *A.* On the 8th. On April 9, page 3, the balance of G. W. Coleman is extended as $779.58; it should be $679.58, a difference of $100.

*Q.* 234. What does that represent? *A.* That represents a fresh taking, and increases the difference in the balance column of that day to $1,100. On April 10, nothing. On April 11, page 3, the total of the check column is $3,131.86; it appears on the ledger as $2,491.86, a difference of $640. A check of $640 is charged to the account of G. W. Coleman, but not included in the footings of the total check column, which would indicate a restoration of that amount.

*Q.* 235. What do you mean, — on the — *A.* On page 8, a check is charged to the account of F. A. Kennedy of $640, which has been testified to as a false charge. And on the day preceding he paid Hayden, Stone & Company $640.

*Q.* 236. Representing on that date a fresh taking of — *A.* Well, it really isn't a fresh taking. He restores $640 on his own account, and takes it out of Kennedy. He charges Kennedy with $648 that day, but he also restores $640.

*Q.* 237. Well, when you say that he restores it, he simply gives himself a false credit for $640? *A.* Oh, no; he charges himself with a check of $640, and he has made the total of the check column that day that much less, instead of more.

*Q.* 238. So that you would say that that was a false entry on that day? *A.* Oh, no; one offsets the other.

*Q.* 239. All right. We don't want any more than we are entitled to. *A.* It is a fresh taking, but it was — it is a fresh taking from the account of Kennedy, but he restores it from his own account. The shortage is not increased. On April 13, page

3, the balance of G. W. Coleman is extended as $14.58; it should be extended as $74.58, a difference of $60.

*Q.* 240. That is a restoration? *A.* That is a restoration.

*Q.* 241. $60? *A.* Yes. And that leaves a difference on that page in the total of the balance column of $500. Also on the same day and page the balance of A. F. Christian is extended as $30.55; it should be overdrawn $69.45, a difference of $100.

*Q.* 242. What is the net result there, then, on the bank, on that day, of those entries, — a restoration of $60, and a fresh taking of $100? *A.* It is not a fresh taking on that day, but it indicates a previous taking from that account. He raises that balance without a previous drop, indicating that he has at some previous time charged that account with $100, although I haven't had the account to trace it back fully.

*Q.* 243. That is, you haven't known which the genuine checks were and which the false checks were? *A.* No.

*Q.* 244. Well, the final result is that it does increase the taking by $40? *A.* Yes, sir.

Mr. BUNKER. If I may interrupt right here, does it indicate anything more than the difference in the Carney balance of $100, which was —

The WITNESS. Yes, because in that case there were two balances; one was affected one way and one the other.

Mr. BUNKER. This was one mistake instead of two?

The WITNESS. Well, yes; but there was nothing to offset this.

Mr. BUNKER. There is no counter error?

The WITNESS. There is no counter error.

Mr. BUNKER. But there is nothing there to show that it is not an error.

Mr. NAY. He suddenly, and without reason, at this time gives him $100 more.

The WITNESS. There is less liability to error in this case, because the man should be overdrawn, according to the figures on the book, and it would not be so easy for him —

Mr. NAY. That is a matter of argument, isn't it? The book simply shows an error of $100.

The WITNESS. Yes, sir.

Mr. NAY. It shows a credit, without any reason for it, of $100.

The MASTER. Then there is an offsetting difference of $60 on another account, which makes the actual increase of shortage the difference between $60 and $100, or $40.

Mr. NAY. Yes; but assuming that the shortage was $100, $60 was undoubtedly a restoration of what had been taken at some earlier time, by checks charged in which we have no proof of —

The MASTER. That is an argument to be made later. The fact is that it indicates a taking.

Mr. NAY. Indicates a taking at some previous date.

The MASTER. That may be argued.

The WITNESS. On April 14 there is a difference on page 3 of $500. April 15, nothing. April 16, page 3, a difference of $500. On page 8 there is a check charged to the account of F. A. Kennedy, $315, which has been testified to as a false charge.

*Q.* 245. What date is that? *A.* April 16.

*Q.* 246. $315? *A.* Yes. And on April 15, the day preceding, he gave Hayden, Stone & Company a check for $315. April 17 there is nothing. April 18, the difference on page 3 of $500. April 21, page 3, the footing is extended as $28,632.58; it should be $28,132.58, a difference of $500, which conceals the previous difference, the difference on the previous day. On page 7 —

*Q.* 247. Shouldn't that be the other way? *A.* No. He was less there, and he had to make his footing more and so he had to raise it. He has raised his balance, and now he has got to raise his footing to correspond. On the same day, page 7, the balance of F. A. Kennedy is extended as $5,167.56; it should be $5,667.56, a drop of $500; and it shows an erasure. The footings on this page are extended as $17,039.39; it should be $17,539.39, a drop of $500, which also shows an erasure.

*Q.* 248. Now, those entries being as you have just stated, and these erasures there, would that be anything more than a concealment, or would it be a fresh taking? *A.* There is nothing to indicate that it was anything more than a concealment; that is, on the Kennedy account the balance was dropped as has been testified;

and when the balance was dropped, unless there is something to show different, we have to consider that it was a concealment.

*Q.* 249. All right. *A.* April 22 there was nothing. April 23, nothing. April 24, nothing. April 25, nothing. April 27, nothing. April 28, nothing. April 29, nothing. April 30, page 7, a difference in the check and deposit columns of $28 in each case, one offsetting the other.

*Q.* 250. Is that all? *A.* That is all.

*Q.* 251. Then, if we count those transactions on April 13 as an increase of $40 in the shortage, the total increase for the month is how much? These are the figures that I took of your testimony [*passing a memorandum to the witness*]. *A.* $2,375.

*Q.* 252. Which would make the total at the close of business on April 30, the total shortage apparent, apparent on the books, $35,475? *A.* Yes, sir.

Mr. FRENCH. That is not apparent on the books, Mr. Nay. That takes in all those Kennedy checks.

*Q.* 253. How much of that, if you can state it quickly, was apparent from the books, or from the book on April 30, 1908? *A.* I should say none of it was apparent on that particular day.

*Q.* 254. On that particular day it had all been charged in to various accounts? *A.* Yes.

*Q.* 255. Now, how much of that $35,475 was detectable from this book and the previous books by an audit?

Mr. BUNKER. The depositors' ledger you mean by "this book"?

Mr. NAY. Yes, I mean the depositors' ledgers. I am not yet taking up the matter of Mr. Earl's book as a check-off here. If you can't give it exactly, state it approximately.

*A.* I should say approximately within $2,000 of the total amount could be detected.

*Q.* 256. From the depositors' ledgers alone? *A.* Yes, sir.

Mr. DEAN. That is, from the whole of the ledgers — not the ledger on that particular day?

Mr. NAY. Why, he said that none of it was detectable on that particular day.

The WITNESS. May 1, page 6, there is a difference in the total

of the check column and the total of the deposit column of $30 in each case, one offsetting the other. On page 9 there is a difference of $47.55 in each of those two columns, one offsetting the other. May 2, nothing. May 4, nothing. May 5, nothing. May 6, nothing. May 7, nothing. May 8, nothing. May 9, nothing. On May 11 there is a counter check charged to the account of the Massachusetts Confectionery Company, $41.54, which is not extended in the total check column or included in the footing. It is not deducted from the balance of that company. It does not affect the shortage, and I should say that it was a case where the check was probably sent back, not taken out of the book. On May 12 there is nothing. May 13, nothing. May 15, nothing. On May 16 there is a check charged to the account of F. A. Kennedy of $460, which it has been testified is a false charge. And on the next preceding day he gave Hayden, Stone & Company a check for $460. May 18, nothing. May 19, nothing. On May 20 there is a check charged to the account of F. A. Kennedy for $1,475, which it has been testified was a false charge. And on the next preceding day he gave Hayden, Stone & Company a check for $1,475. May 21, there is nothing. May 22, nothing. May 23, a difference on page 1 in both the check and the deposit column of $60, one of which offsets the other. May 25 the balance of Gale & Stone is extended as $11,358.38; it should be $11,858.38, a difference of $500; a drop. Also in the total check column the addition is $1,277.81; it appears on the ledger as $1,777.81, a difference of $500.

*Q.* 257. What does that $500 represent? *A.* That represents a fresh shortage of $500.

Mr. DEAN. Just a minute. Mr. Coleman testified that that was a covering-up item. I don't know whether that will affect your testimony or not.

The WITNESS. It is a covering-up item. It covers a fresh stealing on this day, in Gale & Stone's account, by dropping the balance.

Mr. DEAN. He said that that did not indicate a fresh taking. That was his testimony.

The WITNESS. The increase in his check column would indicate a fresh stealing. May 26, nothing. May 27, nothing.

Mr. NAY. If you will look back over the takings for a considerable time, you will find no item of $500 taken; which would tend to show that he could not be right on that, if he did so testify.

Mr. DEAN. I did not mean to suggest that he was right, but I meant that this was one of the doubtful ones.

The WITNESS. May 28, nothing. May 29, nothing. That is all in May.

*Q.* 258. Then the shortage was increased in the month of May by those three items that you have testified to,—$460, $1,475 and $500, a total of— *A.* $2,435.

*Q.* 259. Making the total shortage at the end of May, 1908,— *A.* $37,910.

*Q.* 260. And on May 31 how much of that was then concealed in individual accounts? *A.* All of it. On June 1 there was nothing. June 2, nothing. On June 3, page 3, there is a difference in both the check and deposit column of $27, one of which offsets the other. June 4, nothing. June 5, nothing. June 6, nothing. June 8, nothing. June 9, nothing. June 10, page 12, a difference in both the check and the deposit columns of $150, one of which offsets the other. June 11, page 5, the balance of Gale & Stone, overdrawn $78.99, not extended, showing a difference in the balance column of that day and page of $78.99.

*Q.* 261. Did that represent a fresh taking? *A.* Well, it did temporarily, that is, it was equal to raising the balance that amount for the time being, but it is corrected, I think, later. On June 12 there is nothing. On June 13, nothing. On June 15, nothing. June 16, nothing. June 18, nothing. June 19, on page 10, the total of the check column is $3,183.87; it appears on the ledger as $4,083.87, a difference of $900. The account of Oscar G. Peterson is charged with a counter check of $900, which is not extended in the total of the check column and not deducted from his balance, but is included in the total of the total check column.

*Q.* 262. Which means what? *A.* A shortage of $900 that day. On June 20, nothing. June 22, page 3, a difference in both the

check column and the deposit column of $15 — that is under the limit, though. On page 9 there is a difference in both the check and deposit columns of $37, one of which offsets the other. And on page 10 the total of the balance column shows the difference of $900. On June 23 the difference in the balance column, page 10, is $900. June 24, no difference —

*Q.* 263. Pardon me just a minute. You said that $900 taken on June 19 was charged to Peterson? *A.* It was not charged; it was an entry to Peterson's account, but it was not deducted.

*Q.* 264. That explains the subsequent difference in the additions? *A.* Yes. On June 25, page 3, the total of the check column is $407.41; it appears on the ledger as $907.41, a difference of $500. The total of the balance column on that page is $19,589.91; it appears on the ledger as $19,089.91, a difference of $500. Also a difference on page 10 of $500.

*Q.* 265. That $500, then, being — *A.* A fresh shortage. June 26, nothing. June 27, nothing. June 29 it shows a difference on page 3 of $500 in the balance column, and on page 10 a difference of $900. On June 30 the balance of Edwin Dresser is extended on page 4 as $35,599.50; it should be $15,599.50, a raise of $20,000. The total of the balance column on page 3 shows a difference of $500. On page 4 the total of the balance column shows a difference of $20,000, and on page 10 a difference of $900.

*Q.* 266. So that the new shortage for June is those two items, $900 and $500, $1,400, and the total shortage is — *A.* $39,310.

*Q.* 267. And how much of that was apparent from an inspection of the books? *A.* $21,400.

*Q.* 268. That is, the difference in the additions on pages 3 and 10? *A.* Pages 3, 4 and 10.

*Q.* 269. And the raised balance — *A.* No; the difference in addition.

*Q.* 270. Oh, yes; and the $20,000 difference in the addition on page 4 —

The MASTER. How much is that increase now?

Mr. NAY. $1,400.

The MASTER. Of which he says that —

The WITNESS. $21,400 was apparent on that day.

Mr. NAY. In the additions on three pages.

The WITNESS. July 1 there is a difference in both the check and deposit columns on page 1 of $36.55, one of which offsets the other. And also on page 8 a difference in each of those columns of $67.05, one of which is an offset for the other. Also on page 11 a difference in each of those columns of $44, one of which offsets the other. And on page 12 a difference in each of those columns of $100, one of which offsets the other. And on page 13 a difference in each of those columns of $227.21, one of which offsets the other.

*Q.* 271. That is, on how many pages were there errors, of the fourteen pages? *A.* On six in all.

Mr. BUNKER. Is that correct? Are those errors, or correcting entries? Those are not errors.

The WITNESS. They are corrections of errors previously made.

Mr. BUNKER. Simply, as I understand it, in charging a check or crediting a deposit to a wrong account, and these entries put it in the right account.

The WITNESS. Yes, sir.

Mr. BUNKER. And that is all that these differences in the check and deposit columns on those various pages amount to?

Mr. NAY. Where they offset.

The WITNESS. Yes, where they offset. On July 2, a difference of $500 on page 3 in the balance column. On page 4, a difference of $20,000 in the balance column. On page 10, a difference of $900 in the balance column. July 3, no difference.

*Q.* 272. When you say "no difference", you simply mean that the balances are not extended? *A.* Yes. No changes. That is the better expression. And on July 6 there is a difference on page 3 of $500. Page 4, $20,000. Page 10, $900. Also, on page 9 a difference in both the check and deposit columns of $104.60 in each case, one of which offsets the other. On July 7, a difference on page 3 of $500. Page 4, $20,000. Page 10, $900. July 8, no changes. July 9, a difference on page 3 of $500. Page 4, $20,000. Page 10, $900. July 10, no changes. July 11, no changes.

July 13, a difference on page 3 of $500. Page 4, a difference of $20,000. Page 10, a difference of $900. On page 14 there a clearing house check charged to the account of G. W. Coleman, not deducted from his balance. Also the footings on that day —

*Q.* 273. How much? *A.* $500. Also the footings on that day are extended as $21,401.70; it should be $20,401.70, a difference of $1,000.

*Q.* 274. Making a shortage on that page of how much? *A.* $500.

*Q.* 275. Wouldn't that be $1,000? *A.* No. There was a previous difference of $500, and the two five's together account for the difference.

*Q.* 276. A $500 that we have got in? *A.* Yes, you have got it in. This $500 makes the difference of $1,000, which he conceals in the extension of his footings.

*Q.* 277. That is page 3. Now, what else is there on that day,— anything? *A.* On page 4 he has forced the extension of his footings that day $20,000 to conceal the previous difference of that amount. The figures I haven't got here for some reason. The footings on page 10 still show a difference of $900.

*Q.* 278. Then the fresh shortage on that day is $500? *A.* Yes. On July 15 there is nothing, no change. On July 16, no change. On July 17, no change. July 18, no change. July 20 there is a difference in the balance column on page 7 of $22.84, which appears in the account of inactive accounts.

*Q.* 279. Well, what do you say as to that? *A.* I think that that is merely a clerical error, that will take care of itself.

*Q.* 280. All right. It is not large enough to stop on. *A.* On July 21, no change. July 22, no change. July 23, page 7, shows a difference of $22.84. And on page 11 the total of the balance column shows a difference of $23.06, which amount is interlined in pencil on the account of E. G. S. Ricker. There is also on page 13 a difference in the balance column of $36.30, which is in the account of Henry Thayer & Company.

*Q.* 281. What do those represent? *A.* I think they all wash in time. This Ricker, he seems to have made an error on that account and carried it along for some time. It finally clears itself up. I

don't think it increased the shortage at all. On July 24, no change. July 25, no change. July 27, page 11, the balance of E. G. S. Ricker shows in red $4.74, over which in pencil is the amount of $20.86, which is the correct amount of the overdraft as per previous day's balance. On July 28 the balance of E. G. S. Ricker appears in ink as $55.26, over which is $39.44, which amount is correct as per previous day's balance. On July 29, page 3, the total of the check column is $496.64; it appears on the ledger as $746.64, a difference of $250.

*Q.* 282. That is what? *A.* That is an increase in the shortage of $250. On July 30 the balance of the Cambridge Delivery Company is not extended. It should be $372.96. Also the balance of Howard B. Burlingame is not extended, which should show an overdraft of $27.68; making the total difference in the balance column on that page $345.28.

*Q.* 283. Was that a fresh taking or a concealment? *A.* Neither.

*Q.* 284. What was it? *A.* Only a case of not extending those balances, but it made a difference in the balance column of that amount. And on page 3 the balance column shows a difference of $250.

*Q.* 285. That is the same $250 that has just been testified to? *A.* Yes, sir. That is the Ricker account again. On July 31 there is a difference in both the check and deposit columns on page 14. The difference in the check column is $122. The total amount of the check column is $218.65; the amount appearing on the ledger is $96.65, a difference of $122 less than the correct addition.

*Q.* 286. That is the total of the check column? *A.* Yes, sir. And in the deposit column the difference is only $106.

*Q.* 287. I understand that does not increase the total shortage, in your judgment? *A.* No, sir.

*Q.* 288. Then the takings for July were — *A.* $750.

*Q.* 289. And the total is — *A.* $40,060.

*Q.* 290. And how much of that was concealed on the book for July 31? *A.* How much was concealed?

*Q.* 291. How much was detectable by an inspection of the book July 31, in comparison with July 30? *A.* $250.

*Q.* 292. The balance being charged into accounts? *A.* Yes, sir. On August 1, page 5, there are checks charged to the account of Fay Brothers,— $2.55, $1.44, $1.16, $25 and $5, extended as $10.15; it should be $35.15, a difference of $25. On page 6 —

Mr. DEAN. Do you think that that is an incrsase in the shortage, Mr. Fraser?

The WITNESS. No, I do not; I think that it is a case of checks returned for some reason.

The MASTER. What do you mean by "checks returned"?

The WITNESS. I mean to say that, in entering up his clearing, he discovers, perhaps, when he comes to extend his checks, that his account is short; it would be overdrawn with those checks charged; or perhaps on an examination of the endorsements of the checks it is discovered that the endorsements are not correct, and he sends them back for correction, and, instead of leaving it off his book, he makes the correction in the extension of his checks.

The MASTER. Anything paid over the counter would show on the other book, wouldn't it?

Mr. NAY. Yes.

The MASTER. I guess it is a check returned.

The WITNESS. On the same day, on page 6, the footings are extended as $13,231.04; it should be $13,331.04, a difference of $100.

*Q.* 293. What does that represent? *A.* I don't think it represents an increase in the shortage; it is probably an error in bookkeeping.

*Q.* 294. All right, sir. *A.* On page 8 there is a difference in the check and deposit columns of $27.21 in each case, one of which offsets the other. On August 3, page 2, the balance of the Cambridge Mutual Fire Insurance Company shows in pencil as $378.04; it should be shown as an overdraft of that amount, making a difference in the total of the balance column on that page of $756.08. Also a difference on page 3 of $250.

*Q.* 295. How do you explain that? *A.* Well, I should say that the account was, according to the figures on the book, overdrawn,

and to conceal that fact he extended the balance in pencil, which was equal to a raise in their balance of $756.08.

Mr. NAY. A statement has been put in evidence of the checks and deposits of the Cambridge Mutual Fire Insurance Company covering this period.

The WITNESS. Yes. I will come to that a little later.

*Q.* 296. Have you examined and compared that statement with the books in your work? *A.* No, I haven't; not yet.

*Q.* 297. I thought there might be some false checks charged in there that would increase the shortage, and make it, even at this time, a larger amount than what has been testified to. *A.* I think there have been, and I am coming later to a point where I shall do that. On page 8 the total of the check column is $414.78; it appears on the ledger as $312.78, a difference of $102.

*Q.* 298. Is that a fresh taking? *A.* No, it is not a taking. It might be called a restoration, but I think that it is merely a bookkeeper's error, and will be straightened out later on.

*Q.* 299. All right. *A.* On August 4, page 2, the balance of the Cambridge Mutual Fire Insurance Company is extended in pencil as $419.64; it should show an overdraft of the same amount, making a difference in the balance column on that day of $839.28. On page 3 the balance of G. W. Coleman is extended as $554.69; it should be $1,704.69, a difference of $1,150. Also the footings are extended on that page as $19,788.45; it should be $21,188.45, a difference of $1,400, which amount is interlined over the total of the check column. And also there are pencil figures in the margin of $250. The $1,150 in the Coleman account and the $1,400 in the extension of totals leaves a difference of $250.

*Q.* 300. Well, that is a restoration, isn't it? Is that a restoration? *A.* I would like to look at the book on that. I may have reversed the order of that. I am not positive. August 4 —

Mr. DEAN. Coleman testified that he dropped his own balance $1,150 on that day.

The WITNESS. He did testify so?

Mr. DEAN. Yes.

The WITNESS. Well, then, that would be right. That would be

a restoration. He dropped his own balance $1,150, but he dropped the extension of his totals $1,400, which left a difference of $500 that day instead of $250.

*Q.* 301. $500? *A.* Yes, left a difference in the total of the balance column of $500; that is, in this case his column adds $500, or appears as $500, more than the correct addition, instead of less, as has been the case before; that is, he has really extended his totals in anticipation of a future drop of $500, or a future taking.

*Q.* 302. Well, what is the net result of the book entries on that day as regards a restoration? *A.* Well, I should say that — well, his account certainly shows a restoration there of $1,150.

*Q.* 303. That is, he dropped that off his apparent balance? *A.* Yes.

*Q.* 304. Well, the figures in the balance column — does that make any difference? That does not increase the restoration at all? *A.* Oh, no. That other is merely a matter of bookkeeping.

*Q.* 305. So that the restoration that would appear there from the book entries is $1,150? *A.* Yes.

The MASTER. That is mere bookkeeping after all.

Mr. NAY. Yes; but where he has forced his own balance $1,000 we have charged it as a fresh taking, and he drops his balance, while he ought properly —

The MASTER. Precisely; but what is the effect of it?

Mr. DEAN. It decreases the liabilities of the bank by that amount.

The MASTER. Yes; but I mean to say that it does not indicate at all that he was entititled to have any such actual deposit or balance, or amount from which he could draw.

Mr. DEAN. But it is deducted from his prior shortage, isn't it?

The WITNESS. Yes. It is just the same as if he had stolen $2,000 by raising his balance and then he lowered it $1,000. It makes it only $1,000 short. August 5, nothing. August 6 the balance of the Cambridge Mutual Fire Insurance Company is extended in pencil as $212.06; it should be in red ink as an overdraft of the same amount, making a difference of $424.12. Also a difference on page 3 in the balance column of $500. August 7, no changes. August 8, no changes. August 10, page 2, the balance of the

Cambridge Fire Insurance Company is extended as $769.24; it should be an overdraft of the same amount. No; just a moment, please. It is extended in pencil as $384.62; it should be overdrawn the same amount, making the difference on that page $769.24.

Mr. BUNKER. He is merely using a pencil instead of red ink there, and forgetting it when he comes to take his totals.

The WITNESS. Well.

Mr. BUNKER. His overdrafts would naturally be in red ink.

The WITNESS. Yes. On the same day, page 3, the balance of G. W. Coleman is extended as $2,213.17; it should be $213.17, a difference of $2,000.

*Q.* 306. A raise of $2,000? *A.* Yes, sir.

Mr. NAY. His spasm of repentance was over.

The MASTER. Perhaps his need was greater, all of a sudden.

The WITNESS. A difference in the balance column on page 3 of $2,500.

*Q.* 307. That $2,000 represents a fresh taking? *A.* Yes, sir. On August 11, page 2, the total of the deposit column is $1,223.29; it appears on the ledger as $373.29, a difference of $850. The footings on that page are extended as $60,290.44; it should be $59,440.44, a difference of $850, which amount appears in pencil in the check column. There is a deposit of $850 to the credit of the account of the Cambridge Mutual Fire Insurance Company, which is not included in the total of the deposit column.

*Q.* 308. What does that $850 represent? *A.* It represents a raise in the balance of the Cambridge Mutual Fire Insurance Company of that amount.

*Q.* 309. Well, is it a fresh taking, or is it to conceal the taking of $850 on the other two transactions? *A.* It is to conceal something previously charged to that account, I should say.

*Q.* 310. Well, it appeared on August 4 that he restored $1,150 by dropping his own balance. *A.* This has no connection with his own balance.

*Q.* 311. On August 10 he raised his own balance $2,000, which meant that the net result of those two entries was a fresh steal of $850? *A.* Yes.

*Q.* 312. Now, on August 11 does this $850 have any connection with that transaction? *A.* No connection with that; no.

*Q.* 313. Or is it a fresh taking? *A.* It is a fresh taking by a restoration to the Cambridge Mutual Fire Insurance Company.

*Q.* 314. Giving them a credit to which apparently they were not entitled? *A.* No.

Mr. FRENCH. Does that show a deposit to their credit?

The WITNESS. It shows a deposit to their credit, but their deposit is not included in the total of the deposits column. A reduction in the total of the deposits column is equal to a raise in the total of the checks column. The result is the same.

Mr. NAY. He doesn't add it into his footings of that account, which shows that it was not a proper entry.

Mr. FRENCH. Does that show that it was not deposited?

Mr. NAY. Yes, I take it so.

The MASTER. Not on the evidence of that book alone.

The WITNESS. The effect of the whole transaction is just the same as if he had raised their balance $850 without entering it on that line to their credit.

Mr. NAY. It is easy enough to find out if one was actually made [*turning to the cashier's book*]. There was no deposit of $850 on August 11, according to Earl's book.

The MASTER. But the depositors' ledger alone does not prove that the deposit may not have been made.

Mr. NAY. Practically it does, because it is not added in in the deposits column.

The MASTER. That is the argument to be drawn from it.

Mr. NAY. Well, but isn't it a practically conclusive argument? Here is the $850, and the difference is exactly $850. It is not a likely error to be made accidentally. And if it was made fraudulently, if it was an error made purposely, it could be nothing else that I can conceive of except that.

*Q.* 315. Anything further on August 11? *A.* Yes, sir. On page 3 the balance of G. W. Coleman is extended as $3,753.17; it should be $1,753.17, a raise of $2,000.

*Q.* 316. What was that? *A.* That was a fresh shortage. The

footings are extended as $23,502.66; it should be $19,002.66, a difference of $4,500. The balance of F. A. Kennedy on page 7 is extended as $8,182.88; it should be $182.88, a raise of $8,000. The footings on that page are extended as $22,662.29; it should be $14,662.29, a difference of $8,000. On page 12 the balance of Charles H. Smith is extended as $2,698.83; it should be $698.83, a difference of $2,000. And the footings are extended as $52,939.51; it should be $50,939.51, a difference of $2,000. Also it has been testified that on the day preceding he gave J. Thomas Reinhardt a check for $1,318.75.

*Q.* 317. That would mean, then, that on August 11 there are those two items of fresh takings, $850 and $2,000? *A.* Yes, sir.

*Q.* 318. The other entries not being fresh takings? *A.* I should say not.

*Q.* 319. Go ahead to the 12th. *A.* August 12 there was no change. August 13, on page 3, the footings are extended as $20,555.76; it should be $20,055.76, a difference of $500.

*Q.* 320. What does that mean? *A.* That is merely a bookkeeping error, I should say. On August 14, page 3, the footings are extended as $18,004.22; it should be $18,504.22, a difference of $500, which would offset the difference on the preceding page. On August 15, no change. August 17, no change. August 18, on page 1, appears a difference of $100 in the total of the balance column. August 19, no change. August 20, no change. August 21, no change. August 22, no change. August 24, no change. August 25, no change. August 26, no change. August 27, no change. August 28, page 5, the total of the deposit column is $2,970.14; it appears on the ledger as $1,970.14, a difference of $1,000. On the same page the balance of Gale & Stone is extended as $4,593.86; it should be $5,593.86, a difference of $1,000.

*Q.* 321. And what does that represent? *A.* A fresh shortage of $1,000. August 29, nothing. August 31 there is a difference in both the check and deposit columns on page 8 of $33.18, one of which offsets the other. And on page 9 a difference in both the check and deposit columns of $133.14, one of which offsets the other. And on page 11 a difference in both those columns of $200

each, one of which offsets the other. On page 12, a difference in both columns of $54, one of which offsets the other.

*Q.* 322. So that for August there were four fresh takings,—$850, $850, $2,000 and $1,000, a total of — *A.* $4,700.

*Q.* 323. Making the total shortage — *A.* $44,760.

*Q.* 324. Now, how much of that $44,760 was detectable by an examination of the book on August 31, comparing the same with August 30? If you can't tell exactly, tell approximately on those. [*To Mr. Dean.*] In making up those figures of $4,700 I have given credit for the $1,150 restored on August 4.

Mr. DEAN. Yes.

*A.* Of that amount, I should say that $37,250 could be detected.

Mr. DEAN. On that page, do you mean? That and the prior pages?

The WITNESS. Yes, sir; on that day.

*Q.* 325. And the balance charged in to individual accounts? *A.* Yes. On September 1, page 3, the balance of G. W. Coleman was extended as $72.50; it should be overdrawn $49.07, a difference of $121.57. That amount appears in pencil over the balance.

*Q.* 326. That would represent what? *A.* That is corrected. It represented at that time a fresh taking, but it is offset by a correction.

*Q.* 327. Wholly offset? *A.* Yes, sir.

*Q.* 328. Then we will leave that out. *A.* On page 5 the balance of Gale & Stone is extended as $5,903.02; it should be $4,903.02, a raise of $1,000. And the totals of the balance column on that page show a difference of $1,000.

*Q.* 329. That is, they are $1,000 off? *A.* Yes, sir.

Mr. DEAN. That is a restoration?

The WITNESS. That is are storation to Gale & Stone; yes, sir. On September 2 the balance of Coleman is extended as $42.50 on page 3; it should be overdrawn $79.07, a difference of $121.57. And on September 3 —

*Q.* 330. That is the same one that you said was subsequently fixed up? *A.* Yes, sir. On September 3 George W. Coleman's balance is extended as $12.50; it should be overdrawn $109.07, making the same difference of $121.57. Also a difference on page

5 of $1,000. On September 4, page 3, the account of G. W. Coleman shows a morning balance of $12.50, to which is added a deposit of $682.50, making a total of $695; and it is extended as $573.43, which offsets the difference of $121.57, the previous difference.

*Q.* 331. Now, was that a genuine deposit? *A.* I couldn't tell.

*Q.* 332. That was September 4? *A.* Yes, sir.

*Q.* 333. Let me see Earl's book. That was a deposit of $650? *A.* No; $682.50.

Mr. DEAN. Wasn't that deposit $650?

The WITNESS. No; I said his morning balance was $12.50, to which is added a deposit of $682.50, making a total of $695.

Mr. NAY. Yes, there was a genuine deposit that day. Earl's book shows a deposit of that amount made on that date.

The WITNESS. On page 5 there was a difference in both the check and deposit columns of $314.84, one of which offsets the other. On September 5, page 5, it shows a difference of $1,000 in the balance column. September 8, page 5, shows a difference of $1,000. September 9, no change. September 10, page 5, shows a difference of $1,000. September 11, no change. September 12, no change. September 14, page 5, shows a difference of $1,000. September 15, page 5, shows a difference of $1,000. September 16, no change. September 17, no change. September 18, page 5, shows a difference of $1,000. September 19, no change. I would say that on September 19 the stub of G. W. Coleman's check book, which is an exhibit, shows a check of $100, and that amount appears deposited to the credit of M. C. Smith, which would be equal to a cash restoration of $100.

*Q.* 334. September 19, $100 restored. *A.* September 21, page 5, it shows a difference of $1,000. September 22, page 5, shows a difference of $1,000. September 23, no change. September 24, page 5, shows a difference of $1,000. September 25, no change. September 26, no change. September 28, page 5, shows a difference of $1,000. September 29 (dated September 28), page 3, the balance of G. W. Coleman is extended as $62.61: it should be $2.61, a difference of $60. The total of the balance column on that page shows a difference of $60.

*Q.* 335. What does that represent? *A.* It represents a fresh taking of $60. Page 5 shows a difference of $1,000. Page 11, the balance of the estate of Samuel Sanders is extended as $9,753.29; it should be $1,753.29, a raise of $8,000; and that appears in the total of the balance column.

*Q.* 336. That, however, is not a fresh taking? *A.* No; that is a restoration of a previous drop. The balance on this account shows alterations for several days. On September 30, page 8, there is a difference in the check and deposit columns of $50, each one of which offsets the other.

*Q.* 337. That is all? *A.* [*After producing and examining the depositors' ledger.*] May I see the cash book, please, Mr. Nay?

*Q.* 338. What date? *A.* September 30. [*The cash book is passed to the witness.*] On page 5, September 30, the total of the check column is $8,697.08; it appears on the ledger as $3,923.05, a difference of $4,774.03, which amount is charged by counter check to Gale & Stone, but does not appear on the general ledger.

*Q.* 339. Indicating— *A.* I should think that it indicated a concealment of that much in Gale & Stone's account.

*Q.* 340. But that was an odd amount? *A.* Yes. So far as the total of his check column goes, it represents a restoration, not taking it out of Gale & Stone, but simply transferring that amount from his differences in his totals to their balance.

*Q.* 341. Have you seen anything to indicate why such an amount was chosen? *A.* I don't recollect anything of that kind, and, for some reason, I hadn't finished my entries on that day. I will look up my original slips on that and see if I can determine.

*Q.* 342. That doesn't determine why it was taken, apparently? *A.* I should say not.

*Q.* 343. Well, then, we will leave that for further investigation, on which you may have something to add, and you may not; and assuming that there is no fresh taking, it would appear that in September he took $60 at one time, and restored $100 at another, and the net result was that he reduced the shortage by $40? *A.* Yes, sir.

*Q.* 344. Which would leave the total of the shortage at $44,720

on September 30, subject to your investigation further on that September 30 item? *A.* Yes.

*Q.* 345. Now, assuming that you show a shortage of $44,720, how much of that was detectable from an inspection of the ledger on September, and a comparison with the day previous? And on those questions you can approximate it rather than take too much time. *A.* I should say approximately $37,250.

*Q.* 346. Is shown on the ledger, and the balance would be concealed in individual accounts? *A.* Yes, sir. I wouldn't want to say positively as to that without being able to carry along the different concealments and restorations to the individual accounts. I will have that made up later.

*Q.* 347. Well, we will leave that for the present. Now go ahead with October. *A.* October 1, on page 3, shows a difference of $60 in the balance column. Page 4, $1,000. Page 11, $8,000. October 2, no change. October 3, no change. October 5, page 3, a difference of $60 in the balance column. Page 5, $1,000. Page 11, $8,000. On October 6, page 3, a difference of $60. Page 5, $1,000. Page 11, the balance of Samuel Sanders is extended as $1,798.92; it should be $9,798.92, a drop of $8,000. October 7, no change. October 8, page 3, shows a difference of $60. Page 5, $1,000.

Mr. DEAN. That drop of $8,000 is simply a concealment entry, is it, Mr. Fraser?

The WITNESS. Yes, sir. October 9, no change. October 10, no change. October 12, page 3, the balance of G. W. Coleman is extended as $7.16; it should be overdrawn the same amount, which increases the difference on that page to $74.32.

*Q.* 348. Well, that I take to be a fresh taking, but if it is cared for later— *A.* I think it is.

*Q.* 349. Then I won't bother about it. *A.* Page 5, a difference of $1,000. On October 13 the balance of George W. Coleman, on page 3, is extended as $7.16; it should be $7.16 overdrawn, making, with the $60 on the previous day, the total difference on that page $74.32. Also a difference on page 5 of $1,000. There is a counter check charged to the account of inactive accounts, — or I

should say counter checks that day of $5, $11 and $51.80, a total of $67.80. That is extended to the total of the check column as $167.80, and deducted from the balance as such, a difference of $100.

*Q.* 350. That would be a fresh taking? *A.* Yes, sir. On October 14, no change. October 15, page 3, the balance of Coleman is extended as $15.16; it should be overdrawn $15.16, making a total difference on that day of $90.32. Also, on page 5, $1,000. October 16, no change. October 17, no change. October 19, the balance of G. W. Coleman is extended on page 3 as $30.16; it should be overdrawn $30.16, making the total difference on that page $120.32. Also, on page 5, a difference of $1,000. On October 20, page 3, the balance of Coleman is extended as $30.16; it should be overdrawn $30.16, making a total difference of $120.32. Also, on page 5, a difference of $1,000. On October 21 the morning balance of George W. Coleman appears as $30.16; it should be overdrawn $30.16; and there are checks charged to the amount of $42.17, which amount, plus the $30.16, is deducted from a deposit of $150, which clears up that difference in his account.

*Q.* 351. Was such deposit made? *A.* $150; yes. It is pretty hard to tell.

*Q.* 352. What date? *A.* October 21.

*Q.* 353. You might run over the book on that date and see. We find a deposit on Earl's book on that date of $150, but it does not appear who deposits it. Look over the depositors' ledger for that date, and see if you can find a deposit of anybody else on that date of $150. *A.* [*After examining the depositors' ledger.*] There is one of $150.03.

*Q.* 354. On October 21? *A.* Yes, sir.

Mr. NAY. No, I don't find any of that amount.

The WITNESS. Here it is.

Mr. NAY. Oh, yes.

The WITNESS. That is all right. On page 11, October 21, the balance of the estate of Samuel Sanders is extended as $9,915.82; it should be $1,915.82, a raise of $8,000. On October 22, no change. October 23, no change. October 24, no change. October 26 shows a difference on page 3 of $60. On page 5, $1,000.

On page 11, $8,000. October 27, on page 3, shows a difference of $60. Page 5, $1,000. Page 11, $8,000. October 28, no change. October 29, page 3, a difference of $60. Page 5, $1,000. Page 11, $8,000. And on page 12 the total of the check column is $683.77; it appears on the ledger as $743.77, a difference of $60. On the same page the balance of F. C. Stratton, Special, is extended as $389.62; it should be $449.62, a difference of $60.

*Q.* 355. What does that $60 represent? *A.* A fresh shortage. October 30, on page 12, the total of the check column is $968.32; it appears on the ledger as $1,043.32, a difference of $75. The same page, the balance of F. C. Stratton, Special, is extended as $314.62; it should be $389.62, a difference of $75.

*Q.* 356. And that is what? *A.* A fresh taking. On October 31, page 7, there is a difference in both the check and deposit columns of $50, one of which offsets the other.

*Q.* 357. Then it would appear that there are three items of takings in October,—$100, $60 and $75? *A.* $235.

*Q.* 358. $235. Making a total of— *A.* $44,955. November 2—

*Q.* 359. I will ask the same question I have previously asked: Of that shortage on that date of not less than $44,955, how much could have been detected by an examination of the ledger page for October 31, and a comparison with the day before? Approximate it, if you can't figure it out exactly at the moment. [*The witness confers with Mr. Nay.*] I will ask you another question now. What is the difference in the totals of amounts owed depositors—that is what you are after?— *A.* Yes.

*Q.* 360. —as shown by the depositors' ledger on that date, October 31, and the amount as shown by Mr. Earl's book? *A.* The difference between the amount shown on the individual depositors' ledger, as per correct additions, and the amount shown on the general ledger would be $46,310?

*Q.* 361. The correct totals of the individual ledger being how much? *A.* The total of the individual ledger is $380,528.88.

*Q.* 362. And the total— *A.* And the total of the—I was giving you the amount—that amount can't be used for that, though—as a matter of fact, the balances are not extended on the 31st of

October, and I haven't got the totals, but I was trying to get it from the next day when they were extended.

*Q.* 363. What is the next day? *A.* The next day is November 2.

*Q.* 364. Well, were there any fresh shortages on November 2?

Mr. DEAN. Aren't you going into this whole thing later?

Mr. NAY. Yes, but I want to ask this one question now.

*A.* No.

*Q.* 365. No fresh shortages November 2? *A.* No.

*Q.* 366. Then what was the difference between the amount owed depositors, by the ledger, as it would have been if the amounts that day had been correctly added, on November 2, and the amount owed them according to Earl's book? If the additions of the balances as shown on the ledger were correct, what was the difference between what was owed the depositors by the ledger— *A.* The difference was $46,310; and the correct addition of the depositors' ledger was $380,528.88; and the other ledger gives it as $334,218.88.

*Q.* 367. Now, going back to the question that I had asked a few moments ago, of the total shortage of $44,955, which we built up to date, proceeding in this way, about how much could have been detected from an examination of the depositors' ledger alone on October 31, and making a comparison with October 30? I don't know that you can give that. *A.* A comparison with the general ledger would have shown a difference of $46,310.

*Q.* 368. I mean, in asking that question, without a comparison with the general ledger; just the book itself. *A.* Oh, the book itself shows a difference of $9,060.

*Q.* 369. And the balance would be in individual accounts? *A.* No, the balance would not be in individual accounts, because he has altered the extension of his footings.

*Q.* 370. Oh, I see. So that you would have to go back previously to find the false footings, and trace those back? *A.* Yes. When he changes the extension of the footing it changes the difference between his book and the general ledger.

*Q.* 371. Well, the result of that would be that there would be an increasing discrepancy between his book and the general ledger,

would it not? *A.* It would depend on which way he changed his footings.

*Q.* 372. Yes, I see. Take November 2. You have said that there were no fresh takings on that day, but state —

Mr. BUNKER. There is no November 1?

The WITNESS. No. On November 2 there is a difference in both the check and deposit columns on page 4 of $235, one of which offsets the other. Also, on page 10, a difference in each of $67, one of which offsets the other. Also a difference in the total of the balance column on page 3 of $60. Page 5, $1,000. Page 11, $8,000. On November 3, on page 3, there is a difference of $60. Page 5, $1,000. On page 11 the balance of the estate of Samuel Sanders is extended as $1,965.25; it should be $9,965.25, a drop of $8,000. On November 4, page 1, a difference in both check and deposit columns of $56.53, one of which offsets the other. On page 12 the balance of A. B. Shea, Trustee, is extended as overdrawn $60.35; it should show a credit balance of $39.65, a difference of $100. And I note the fact that on the twenty-eighth day of October the Shea account appears to have been altered, also the footings of the deposit column, and his balance from that time to the present date. This $100 difference is corrected in his account on the tenth day of November.

*Q.* 373. So that you wouldn't put that down as a fresh taking? *A.* No. On November 5, page 11, there is a difference in both the check and deposit columns of $101.50, one of which offsets the other. November 6, page 6, there is a difference in the check and deposit columns of $83.31 in each, one of which offsets the other. November 7, no change. November 9, a difference on page 3 of $60. Page 5, $1,000. On page 12, $100. This is marked over. The total of his balance column on page 1[illegible] is marked over, on account of the error in the Shea account on the previous day. On November 10, on page 1, the balance of Anna G. Beatey is extended as $204.55; it should be $1,204.55, a difference of $1,000. On the same day, and the same page, the footings are extended as $17,493.20; it should be $18,493.20, a difference of $1,000 —

*Q.* 374. As you go along in these numerous changes on Novem-

ber 10, if you come to any which, in your opinion, represents any fresh taking, you may say so at the time, and I will not ask you questions as regards each item. *A.* All right. On page 3 the balance of A. F. Christian is extended as $1,400.07; it should be $1,460.07, a difference of $60. The same page, the balance of Andrew Carlson is extended as $42.04; it be $1,042.04, a difference of $1,000. The balance of E. A. Carney is extended as $346.18; it should be $1,346.18, a difference of $1,000. On the same page the balance of Claverly Hall is extended as $723.75; it should $1,723.75, a difference of $1,000. That name is misspelled on the book. It is printed C-l-u-v-e-r-l-y. The footings on that page are extended as $48,575.24; it should be $51,825.24, a difference of $3,250. Also, on that page, the total of the check column is $718.22; it appears on the ledger as $468.22, a difference of $250. Page 4 —

Mr. DEAN. Is that a restoration?

The WITNESS. It is so far as the bookkeeping goes, but not an actual restoration. It is not a restoration of funds.

Mr. DEAN. No. But it is deducted from the amount taken?

The WITNESS. No.

Mr. DEAN. It is not deducted from the amount taken?

The WITNESS. No, because there is nothing put in to increase the assets of the bank. It is simply a matter of —

Mr. DEAN. It decreased the liabilities of the bank, didn't it?

The WITNESS. No.

Mr. NAY. I think that most of these changes were temporary, anyway, and were possibly designed for the bank examiner. I am not so sure.

The WITNESS. That was not any temporary change.

Mr. DEAN. But this was preparing for the bank examiner on November 10, wasn't it?

The WITNESS. All these changes in the balances were; yes, sir; but I was speaking of the $250. It was not a restoration, that is, it didn't make any difference whether that was — it reduced the liability, perhaps, on that page, but not —

Mr. NAY. Apparent liability.

The WITNESS. Yes, but not as a whole. It didn't reduce the bank's liability as a whole, because he simply changed his figure $250 on that page. He made it less, but it doesn't add less. It adds $718.22, and he calls it $468.22.

Mr. NAY. Go right ahead.

The WITNESS. On page 4 the account of George E. Crowell is extended as $861.13; it should be $1,861.13, a difference of $1,000. The balance of Josephine C. Cunningham is extended as $2,891.71; it should be $3,891.71, a difference of $1,000. And the footings are extended as $39,152.98; it should be $41,152.98, a difference of $2,000. On page 5 the balance of J. Frank Facey is extended as $782.47; it should be $1,782.47, a difference of $1,000. The balance of the G. W. Gale Lumber Company is extended as $6,089.05; it should be $7,089.05, a difference of $1,000. The footings on this page are extended as $21,357.47; it should be $22,357.47, a difference of $1,000. On page 6 the balance of A. E. Haines is extended as $476.59; is should be $3,476.59, a difference of $3,000. The footings are extended as $10,794.88; it should be $13,794.88, a difference of $3,000. On page 7 the balance of The Holy Ghost Hospital is extended as $2,233.19; it should be $4,233.19, a difference of $2,000. The balance of F. A. Kennedy is extended as $3,663.25; it should be $6,663.25, a difference of $3,000. The footings are extended as $17,715.93; it should be $22,715.93, a difference of $5,000. On page 8 the balance of Lucy O. Lockhart is extended as $883.41; it should be $2,883.41, a difference of $2,000. The footings are extended as $11,583.68; it should be $13,583.68, a difference of $2,000. On page 9 the balance of W. J. McCoy is extended as $537.70; it should be $4,537.70, a difference of $4,000. The balance of H. E. McGoldrich & Sons Company is extended as $3,095.30; it should be $4,095.30, a difference of $1.000. The footings are extended as $12,881.83; it should be $17,881.83, a difference of $5,000. On page 10 the balance of G. A. A. Peavey, Trustee, is extended as $2,218.84; it should be $3,218.84, a difference of $1,000. The balance of Charles E. Pierce is extended as $4,068.80; it should be $7,068.80, a difference of $3,000. The balance of Charles E.

Pike is extended as $280.47; it should be $1,280.47, a difference of $1,000. The balance of the Prudential Insurance Company is extended as $2,328.67; it should be $3,328.67, a difference of $1,000. The footings, extended as $18,309.73, should be extended as $24,309.73, a difference of $6,000. On page 11 the balance of H. A. Raymond is extended as $554.43; it should be $1,554.43, a difference of $1,000. The balance of F. W. & E. H. Rogers, Trustees, is extended as $1,200; it should be $2,200, a difference of $1,000. The footings on that page are extended as $13,655.75; it should be $15,655.75, a difference of $2,000. Page 12, the balance of A. D. Shea, Trustee, is extended as $149.25; it should be $49.25, a difference of $100, which offsets a difference on November 4 for the same amount. The balance of Charles H. Smith is extended as $592.58; it should be $2,592.58, a difference of $2,000. The balance of the Standard Diary Company is extended as $40,185.55; it should be $42,185.55, a difference of $2,000. The footings on that page are extended as $71,380.98; it should be $75,380.98, a difference of $4,000. On page 13 the balance of Abigail Stubbs is extended as $861.08; it should be $1,861.08, a difference of $1,000. The balance of J. Tishler is extended as $1,122.63; it should be $2,122.63, a difference of $1,000. And the footings are extended as $8,042.19; it should be $10,042.19, a difference of $2,000. On page 14 the balance of C. D. Wilder is extended as $57.85; it should be $1,057.85, a difference of $1,000. The footings on that page are extended as $8,295.25; it should be $9,295.25, a difference of $1,000.

*Q.* 375. Were there any fresh takings on that date? *A.* I should say not.

*Q.* 376. Did any of these entries constitute restorations which should be credited in making up the amount of the shortage? *A.* I should say not.

Mr. NAY. If you want to inquire on that point, Mr. Dean, I have no objection.

Mr. DEAN. No; only on that one point about the total of the checks, and I do not see why that is not a bookkeeping restoration, but if Mr. Fraser says that it is not —

The WITNESS. I say that it is a bookkeeping restoration.

Mr. NAY. But nothing more, substantially.

The WITNESS. There is nothing in the nature of a cash restoration.

Mr. DEAN. No, I don't understand that there was any money put in there.

The WITNESS. You asked if it shouldn't be deducted from his shortage, and it shouldn't be deducted from his shortage unless there was a cash restoration, because the bank is still out just as much as it ever was.

Mr. BUNKER. These changes in balances are not between two columns on the same page, but between the balances on one folio and the balances on the new folio which is just being opened, are they not?

The WITNESS. Yes, sir.

Mr. BUNKER. That is all I want to know.

The WITNESS. Now, November 11, page 4, there is a counter check charged to the account of Harry F. R. Dolan, $85, not extended in the total of the check column, and not deducted from his balance. It doesn't affect the shortage. On the same day there is a counter check charged to the account of Wellington Fillmore of $25, which is not extended in the total of the check column, and not deducted from the balance. November 12, nothing. November 13, nothing. November 14, no change. November 16, no change. November 17, no change. November 18, no change. November 19, no change. November 20, no change. November 21, on page 12, there is a difference in both the check and deposit columns of $24.35, one of which offsets the other. November 23, no change. November 24, no change. November 25, no change. November 27, no change. November 28, no change. November 30, there is a difference on page 6, in both the check and deposit columns, of $139.21, one of which offsets the other. On page 8 the balance of Lucy O. Lockhart is extended as $2,979.34; it should be, as per previous day, $979.34, a difference of $2,000. The addition of the balance column also shows a difference of

$2,000. I will also say that on the twenty-eighth day of November he gave J. Thomas Reinhardt a check for $845.

*Q.* 377. I don't follow that. Is there a fresh shortage on November 30? *A.* No, sir.

*Q.* 378. That check to Reinhardt doesn't come in to increase the shortage there? *A.* There is nothing here to indicate any fresh shortage on that day.

The MASTER. Well, there is nothing there to indicate a check to Reinhardt, is there? You have to go outside of this book to show that?

The WITNESS. I take it from another exhibit.

The MASTER. Yes. That is, you match an exhibit and an entry there together to connect them?

Mr. DEAN. Well, but I don't think he finds the entry there.

Mr. NAY. You don't find the entry of that check to Reinhardt?

The WITNESS. As a matter of fact, I haven't looked for that. There doesn't any fresh shortage appear that day of that amount.

*Q.* 379. Then it would appear that during the entire month of November Mr. Coleman was quiescent, as far as taking any more money was concerned, so far as those entries show? *A.* Yes.

Mr. NAY. I call attention to the fact that the bank examiner, as appears by Earl's book, was present at the bank on the 30th of November, that day.

*Q.* 380. And now, assuming that the shortage remained at what it was October 31, just under $45,000, or thereabouts, on this November 30 can you state how much of the shortage could be detected from an inspection of the ledger?

Mr. DEAN. On that day?

Mr. NAY. And in comparison with the previous day.

*A.* Onthat day $2,000 could have been detected.

*Q.* 381. But the rest of it had all been concealed on November 10? *A.* Yes, sir.

*Q.* 382. We had got down to December 1, 1908. In November there was no change? *A.* No. On December 1, page 1, the balance of Anna G. Beatey is extended as $1,204.55; it should be $204.55, a difference of $1,000. And the total of the balance

column on that page shows a difference of $1,000. On page 8 the balance of Lucy O. Lockhart is extended as $979.34; it should be $2,979.34, a difference of $2,000, a drop of $2,000.

Mr. DEAN. A drop?

The WITNESS. A drop of Lucy O. Lockhart, and a raise of the other. On page 10, the balance of G. A. A. Pevey is extended as $3,141.84; it should be $2,141.84, a raise of $1,000. The footings on that page are extended as $16,393.47; it should be $17,393.47, a difference in the balance column of $1,000. On December 2 there is nothing.

*Q.* 383. On that page that you have just gone over there were no fresh takings? *A.* No, sir. On December 3, page 12, the total of the check column is $277.96; it shows on the ledger as $2,388.96, a difference of $2,111.

*Q.* 384. The total of the check column. What does that represent? *A.* That increases the shortage $2,111.

*Q.* 385. On December 3, how are the balances on that page? *A.* Not extended.

*Q.* 386. Have you made any notes tracing out what went to make up that $2,111,—I mean has there been anything in the testimony that you have seen that would connect with that? *A.* Not that exact amount, that I remember. There may be something coming.

*Q.* 387. All right. *A.* On December 4 there is nothing. On December 5 there is a difference on page 12 in both the check and deposit columns of $210.06, one of which offsets the other. On December 7 the balance of Ella F. Andrews is not extended; it should be overdrawn $85.75. The balance of Anna G. Beatey is extended as $204.55; it should be $1,204.55, a difference of $1,000. On page 10 there is a difference in the balance column of $1,000, and in pencil, to the right of the balance column, near the bottom of the page, appears a memorandum "G. A. A. P., Tr., $1,000."

*Q.* 388. How much short was Pevey's account as trustee at that time? *A.* $1,000. On page 12 there is the difference of $2,111, and in pencil, to the right of the balance column, near the bottom of the page, appears "S. D., 2,111."

*Q.* 389. Is "S. D." Standard Diary?

Mr. DEAN. Well, how does he know?

*Q.* 390. What is the condition of the Standard Diary account on that day? *A.* I don't find any difference in it at that time. On December 8, page 1, the balance of Ella F. Andrews is in pencil; it should be overdrawn $85.75. On page 2 —

*Q.* 391. Well, it is in pencil as how much? *A.* As $85.75.

*Q.* 392. That is, in pencil, instead of red ink? *A.* Yes, sir; it should be overdrawn. On page 2, checks of Cambridge Y. W. C. A. extended as $376.85; it should be $426.85, a difference of $50.

*Q.* 393. Extended as $50 too little? *A.* The checks are extended $50 too little. I imagine that that is a case similar to others that we have had this morning, where checks were returned.

*Q.* 394. No fresh shortage. *A.* On page 3, the balance of Edward R. Cogswell is extended as $168.98; it should be overdrawn $31.02, a difference of $200.

*Q.* 395. What does that represent? *A.* This represents a raise in this balance of $200, without a previous drop, and it would indicate a previous shortage.

*Q.* 396. Concealed in that account? *A.* Yes, sir. On page 4 the total of the check column is $398.59; it appears on the ledger as $698.59, a difference of $300, an increase in the shortage of $300. Checks on Cunningham Brothers' account are extended as $17.49; it should be $167.49, a difference of $150.

*Q.* 397. What does that indicate? *A.* Similar to the other.

*Q.* 398. That is, nothing necessarily fraudulent? *A.* No, sir. The balance of Edwin Dresser on that page is extended as $32,-197.61; it should be $32,497.61, a difference of $300.

*Q.* 399. Now, what does that mean? *A.* That conceals the difference in the check column that day of $300.

*Q.* 400. That is not a fresh taking? *A.* No, sir; it is a concealment of that amount. On page 5 there is a difference in both the check and deposit columns of $25.42, one of which offsets the other. On page 10 of the balance column there is a difference of $1,000. Page 12 shows a difference of $2,111. December 9, nothing. December 10, nothing. December 11, no change. December 12,

no change. December 14, on the account of Ella F. Andrews, page 1, an overdraft is not extended, $85.75. On page 3, a difference appears in the balance column of $200, and there is a memorandum in pencil, "R., 200."

*Q.* 401. Does that indicate $200 more? *A.* No, sir. On page 10 there is a difference of $1,000. On page 12, a difference of $2,111. December 15, the account of Ella F. Andrews not extended, $130.75. On page 3, a difference of $200 in the balance column. On page 4, the balance column shows a difference of $300. And the balance of Edwin Dresser is extended as $32,597.61, it should be $32,297.61, a raise of $300.

*Q.* 402. There is nothing in that which would indicate a fresh taking? *A.* No. On page 10 a difference of $1,000 appears. And on page 11 a difference of $10,000. The balance of the Samuel Sanders Estate on that page is extended as $12,070.53; it should be $2,070.53, a raise of $10,000. On page 12, a difference in the balance column of $2,111. On page 14 the balance of C. D. Wilder was extended as $1,000. The previous day it shows no balance.

*Q.* 403. How many of the fourteen pages of the ledger on that day contain errors of substantial sums? *A.* Seven.

The MASTER. That is December—

The WITNESS. December 15. December 16, no change. December 17, no change. December 18, on page 11, the balance of George E. Richardson, Agent, is extended as $176.12; it should be $196.12, a drop of $20. On December 19 the balance of E. Robertson is extended as $47; it should be $27, a raise of $20. On December 21, a difference on page 1 in the balance column of $132.50, in the E. F. Andrews balance. On page 3 the total of the check column is $1,104.24; it appears on the ledger as $1,226.24, a difference of $122.

*Q.* 404. What does that represent? *A.* An increase in the shortage. The total of that page shows a difference of $322. On page 4—

*Q.* 405. Pardon me. The total shows a difference of what? *A.* $322,—$200 previously and this $122, making $322.

*Q.* 406. What $200 previously? *A.* The Cogswell.

*Q.* 407. Oh, the Cogswell. *A.* On page 4 the balance of Edwin Dresser is extended as $32,297.61; it should be $32,597.61, a drop of $300. On page 6 the balance of A. E. Haines is extended as $4,476.59; it should be $476.59, a difference of $4,000. On page 10 the balance of Charles E. Pierce is extended as $3,983.52; it should be $983.52, a raise of $3,000. On page 11 the balance of the Samuel Sanders Estate is extended as $2,070.53; it should be $12,070.53, a drop of $10,000. And the difference in the balance column on page 12 is $2,111.

*Q.* 408. Then of the fourteen pages of the ledger on December 21, 1908, on how many do errors in excess of $100 appear? *A.* Seven. December 22, page 1, shows a difference in the balance column of $132.50. Page 3, there is a difference of $322. Page 6, there is a difference of $4,000. Page 10, there is a difference of $4,000. Page 12 shows a difference of $2,111. Page 13 the balance of Henry Thayer & Company is extended as $1,211.40; it should be $211.40, a difference of $1,000. And the balance column on that page shows a difference of $1,000. On page 14 the total of the deposit column is $836.95; the ledger shows $759.60, a difference of $77.35. The account of George F. Whiting, Guardian, shows a deposit of $77.35, which is not included in the balance, and not in the total of deposits. The account of G. F. Whiting & Company also shows a deposit of the same amount, which is included in the balance.

*Q.* 409. Then on that day, December 22, how many of the pages showed errors in excess of $75? *A.* Seven.

*Q.* 410. Do you understand any fresh takings occurred on that day? *A.* I should say not. December 23, no change. December 24 shows a difference on page 1 of $132.50. Page 3, $322. Page 6, $5,000. Page 10, $4,000. Page 12, $2,111. Page 13, $1,000. Page 14, $1,000. On December 26 the total of the check column, on page 3, is $1,016.29; it appears on the ledger as $894.29, a difference of $122. And there is a counter check charged to George W. Coleman for $122, which is not deducted from the balance.

*Q.* 411. And that, then, is what? *A.* I should say that didn't affect the shortage.

*Q.* 412. A counter check which is — *A.* Yes, it does; it restores $122. It is deducted from the balance, I should say.

*Q.* 413. But no fresh shortage? *A.* It is a reduction.

Mr. DEAN. That reduces the shortage that he had on December 21?

The WITNESS. Yes.

*Q.* 414. That cancels that $122 on December 21? *A.* Yes. On December 28 the total of the deposit column on page 3 is $2,020.10; it appears on the ledger as $1,720.10, a difference of $300. There is a deposit of $300 entered to the credit of G. W. Coleman not included in the balance.

*Q.* 415. Does that make a fresh shortage of $300? *A.* I should say it did.

*Q.* 416. That is December 28? [*Mr. Bunker goes to the book and confers with the witness.*] Have you reason to believe now that that doesn't mean $300 more? *A.* Yes, I should say it did not mean $300 more. On page 3 it shows a difference of $200. Page 6, $4,000. Page 10, $4,000. Page 12, $2,111. Page 13, $1,000. Page 14, $1,000. December 29, the difference on page 3, $200. Page 6, $4,000. Page 10, $4,000. Page 11, $1,000. And on that page the balance of H. A. Raymond is extended as $1,425.89; it should be $425.89, a raise of $1,000. Page 11 shows a difference of $1,000. Page 12, $2,111. Page 13, $1,000. Page 14, $1,000. December 30 the balance on page 3 of Davis H. Cohen is extended as $1,071.29; it should be $1,076.29, a drop of $5. And the balance of G. W. Coleman is extended as $458.56; it should be $453.56, or a raise of $5.

*Q.* 417. Was that a fresh taking? *A.* Yes, I should say it was; it was a raise of the balance of $5.

The MASTER. That was pretty small that time.

The WITNESS. December 31, on page 1, there is a difference in the check column and also in the deposit column of $40.43, one of which offsets the other. On page 4 the balance of Josephine C. Cunningham is extended as $1,352.74; it should be $352.74, a

raise of $1,000. On page 7 there is a difference in both the check and deposit columns of $30, one of which offsets the other. And on page 8 a difference in both the check and deposit columns of $499.73, one of which offsets the other. And on page 12 a difference in both the check and deposit columns of $2,541.39, one of which offsets the other.

Mr. NAY. That makes, then, four takings in December — see if you agree with me, Mr. Dean — $2,111, $200, $300 and $5, a total of $2,616; is that right?

Mr. DEAN. You have got your items right. I haven't added them up. Yes, that is right, $2,616.

*Q.* 418. $2,616 in December, making the total shortage on December 31 — *A.* $47,571.

*Q.* 419. Now, of that shortage of $47,571 on December 31, 1908, how much could be detected from an inspection of the ledger of that day, with a comparison with the day before? *A.* This is another case where the balances were not extended on that day nor on the day before.

*Q.* 420. Well, take it, then, the last day — what was the last day before that the balances were extended? *A.* On the 29th of December.

*Q.* 421. Well, the question will apply to the 29th because there is only one taking, and that of $5, since that time. Leaving out that $5, what should you say? *A.* On that date I should say that there was $13,311 that could have been detected from an examination of the ledger that day.

*Q.* 422. On how many pages were there wrong additions? *A.* Seven pages.

*Q.* 423. Of the fourteen? *A.* Yes.

*Q.* 424. Yes. Now, start on 1909, which was his banner year? *A.* On January 1 there was no change. On January 2, no change. On January 4 there was a difference on page 3 of $200, and a pencil memorandum at the right of the balance column, near the bottom of the page, "R., 200, E. R. C."

*Q.* 425. "E. R. C."? *A.* Yes, sir.

*Q.* 426. Was there any depositor with the initials "E. R. C."?

*A.* E. R. Cogswell. There is a difference in the balance column on that page of $200. And on page 4, $1,000. Page 6, $4,000. Page 9, $200. And on that page the balance of William A. Mitchell is extended as $524.84; it should be $324.84, a difference of $200. On page 10 a difference of $4,000. Page 11, $1,000. Page 12, $2,111. Page 13, $1,000. Page 14, $1,000.

*Q.* 427. Any fresh takings on that day? *A.* Yes; I should say there would be $200 on the Mitchell account which indicated a previous shortage.

*Q.* 428. And on that day how many pages added wrongly? *A.* Nine.

*Q.* 429. Out of— *A.* Fourteen. January 5, page 1, the balance of Ella F. Andrews, not extended, $131.72. The same amount was extended, however, to an account on page 10, under the name of Ella Andrews Pease. The footings on this page—

*Q.* 430. That may be legitimate enough, may it not,—she may have married? *A.* Yes. The footings are extended on page 1 as $36,117.78; it should be $36,249.50, a difference of $131.72. On 3 the balance of Andrew Carlson is extended as $1,042.04; it should be $42.04, a difference of $1,000. The balance of G. W. Coleman is extended as $508.56; it should be $308.56, a difference of $200, a raise. The balance of F. L. Churchill and the balance of the Conley Drug Company are not extended. The footings on this page are extended as $34,766.06; it should be $34,368.34, a difference of $397.72. On page 4 the balance of C. M. Currier is extended as $64.59; it should be an overdraft of $35.41, a raise of $100. The balance of Edwin Dresser is extended as $29,025.95; it should be $31,405.95, a drop of $2,380. On page 5 the balance of Fay Brothers, $8.19, and of O. B. Frazer, $0.56, are not extended. A balance of $132.13 is extended to the credit of E. L. Eustis, but neither the name nor the balance appears on the previous day. The footings on that page are extended as $30,534.97; it should be $30,402.84, a difference of $132.13. On page 6 the balance extended to the credit of Lucy Hall Greenlaw, $186.20, does not appear on the previous day. Also a balance extended to the credit of John Hamilton, $25.65, does not appear

on the previous day. The balance to the credit of Alexander Hezlitt, $181.25, and of Nellie J. Henderson, $45.50, carried to page 7. This is a day when he opens a new set of folios, and transferring from one page to another makes a good many of these differences not of any material account. On page 7 the balance extended to the credit of Edward F. Harrigan, $116.92, does not appear on the previous day. And the inactive accounts are extended as $2,031.49; it should be $2,498.32, a difference of $466.83. The footings are extended as $18,080.87: it should be $18,282.20, a difference of $201.33. On page 8 the balance of John C. LaPorte, $1, not extended. The footings are extended as $24,422.40; it should be $24,423.40. On page 9, the balance of W. J. McCoy is extended as $4,537.70; it should be $537.70, a difference of $4,000, a raise of $4,000. The footings on that page are extended as $17,538.17; it should be $13,338.17, a difference of $4,200. On page 10 the balance of Ella Andrews Pease, $131.72, offsets the drop of the Ella F. Andrews balance on page 1. The footings on that page are extended as $17,329.53; it should be $13,197.81, a difference of $4,131.72. On page 11 the footings are extended as $15,614.40; it should be $14,614.40, a difference of $1,000. On page 12 the balance of D. W. Stradling, $125.50, is transferred from page 13. The footings on that page are extended as $60,140.52; it should be $57,904.02, a difference of $2,236.50. The footings on page 13 are extended as $9,568.58; it should be $8,841.62, a difference of $726.96. On page 14 the balance of S. M. Wentworth of $156.75, brought from page 13. The footings on that page are extended as $9,225.32; it should be $8,068.57, a difference of $1,156.75.

*Q.* 431. Now, take those fourteen pages of that date, January 5; on how many of those pages do errors appear of, say, more than $20? *A.* I should say thirteen out of the fourteen.

*Q.* 432. What is that? *A.* Thirteen out of the fourteen. But that would be accounted for by the fact that he is opening a new set of folios, you know.

*Q.* 433. I was going to ask that. Why, if he opened a new set of folios, would that account for errors on all the pages? *A.*

Well, because he is changing names; names that he had previously written in are now printed in in the regular alphabetical order, and they would come on a new page from the page that they had previously been written on. For instance, if he didn't have a blank space on page 3, he would put it on the next page; and then, in the rearranging of his names, he might want more blank spaces on page 3 than he previously had, and so he would put some that he had had on page 3 over on page 4.

*Q.* 434. Well, then, do you mean that changing in that way increased the opportunity and the likelihood of error, or that they were not errors in many cases? I don't quite understand you. *A.* In many cases they were not what you would call errors. They show up a difference in the addition of these pages, but the effect on the condition of the bank in many cases was just the same as —

*Q.* 435. You mean that, carefully analyzed, they would not be errors, some of them? *A.* Oh, no, no; only a difference in bookkeeping, that is all, in transferring the accounts from one page to another.

*Q.* 436. Will you look over that page and see how many actual errors, if you can state them, were made,— that is, in how many cases these pages stated the condition of affairs as regards the depositors and the additions falsely? *A.* Well, on page 3 there are two actual errors, one in the —

*Q.* 437. Never mind what they are; but there were two actual errors. Now take the next page. *A.* On page 4 there were two errors. On page 9 there was one error. I think that is all.

*Q.* 438. Well, have you included any false additions, or weren't there any false additions, on that day? *A.* No, except the small matter of $12.15, which was a correction entry, I think, on page 10.

*Q.* 439. Do you find any increase in the shortage in the transactions recorded on that day? *A.* I do not — except — yes, I will correct that — $200 in the account of G. W. Coleman, balance raised.

*Q.* 440. Go ahead now to the next day.

Mr. BUNKER. Your Honor understands the difference caused by the changes in the folios?

[*Producing depositors' ledger.*] This is the one beginning January 5, and the balances are carried over on to the new folio. You will notice that they have got a new edition of folios, in which the printed names are different and differently placed from what they are on the other.

The MASTER. Yes.

Mr. BUNKER. And that change will hold right straight down through all the various folios.

The MASTER. Yes.

The WITNESS. On January 5 there is another item here that I have noticed that I have not spoken of. The total of the checks in the depositors' ledger on that day is $14,516. The general ledger shows checks that day of $15,196 — that is the clearing house — no, that is the total for the day; but the difference in the proof of the clearing house that day shows a discrepancy of $680. And on that day it has been testified that he gave J. Thomas Reinhardt a check for $680. This check is not included in the total of the check column, which is not accounted for in any way on the depositors' ledger; so that that would increase the shortage $680.

*Q.* 441. In addition to the $200 that you also testified to? *A.* Yes, sir. Now, January 6, no change. January 7 shows a difference on page 3 of $1,000. And on page 4 the total of the check column is $372.34; it appears on the ledger as $1,372.34, a difference of $1,000.

*Q.* 442. What did that represent? *A.* It would represent a fresh shortage of $1,000. On January 8 there was no change. On January 9, no change. January 11, a difference on page 3 of $1,000. January 12, a difference on page 3 of $1,000. January 13, no change. January 14, a difference on page 3 of $1,000. January 15, no change. January 16, no change. January 18, a difference shown on page 3 of $1,000. A difference on page 14, in both the check and deposit columns, of $130.73, one of which offsets the other. On January 19, page 3, the balance of G. W.

Coleman is extended as $265.16; it should be $165.16, a raise of $100. And the difference in the balance column on that page shows $1,100.

*Q.* 443. Which would indicate that that $100 was what? *A.* An additional shortage. January 20, no change. January 21 shows on page 3 a difference in the balance column of $1,100. On January 22, page 3, the total of the check column adds $51.88; it appears on the ledger as $946.20, a difference of $894.32. There is a memorandum about that.

*Q.* 444. What is that memorandum? What does that indicate, that $894.32? *A.* An increase in the shortage.

*Q.* 445. What is the pencil memorandum, and where is it? *A.* There is a pencil memorandum at the foot of the checks in detail column, under date of January 21, $894.32. There was a counter check on that day charged to E. H. Aldrich not extended in the total check column, not included in the footing, nor deducted from the balance.

*Q.* 446. How much? *A.* $110.70.

*Q.* 447. What would that indicate? *A.* Well, it would indicate that a check was probably returned for something. On January 23, page 7, a difference in both check and deposit columns of $50.50, one of which offsets the other. On January 25 the difference in the balance column, page 3, is $1,994.32. On page 12 the total of the check column is $3,801.58; it appears on the ledger as $4,801.58, a difference of $1,000.

*Q.* 448. That practically makes up the three items last testified to. What does that indicate? *A.* A fresh taking. On page 12, the balance of the Standard Diary Company is extended as $19,254.51; it should be $20,254.51, a difference of $1,000. It has been testified that on January 23 a check was given to J. Thomas Reinhardt for $1,410. On January 26, page 3, the balance of G. W. Coleman was extended as $86.56; it should be overdrawn $13.44, a difference of $100.

*Q.* 449. And that indicates— *A.* A fresh shortage of $100. And the difference in the balance column on that day, the same page, is $2,094.32. On page 4 there is a deposit to the credit of

A. Cunningham Drug Company, with a cross against the entry, a single cross; also a deposit to the credit of Josephine C. Cunningham of $100, with a similar mark against it. They are not included in the total of the deposit column.

*Q.* 450. What are the amounts of those two alleged deposits? *A.* One is $175 and the other is $118.

*Q.* 451. There is the cash book on the radiator, the lowest one. [*A book is produced by Mr. Nay.*] The first one was $175? *A.* Yes; the A. Cunningham Drug Company, $175.

Mr. NAY. I don't find one of that amount on Earl's book.

The WITNESS. There is no deposit on there of that amount.

Mr. DEAN. What is that?

Mr. NAY. The $175, with a pencil cross; there is no such amount appears in the cash book. That was the A. Cunningham Drug Company. Now, the next one, Josephine C. Cunningham, $118, with a similar pencil cross. No such deposit. Neither of those deposits appears on Mr. Earl's book.

The WITNESS. The total of the deposit column on that page is $427; it appears on the ledger as $134, a difference of $293. That difference appears also in the total of the balance column; and that amount appears in pencil at the left of the footing of the balance column.

*Q.* 452. Well, do you figure that those entries on page 4 increased the shortage? *A.* Yes, sir.

*Q.* 453. By the amount of those two — *A.* $293.

*Q.* 454. That is, in addition to the $100 that you previously testified to on Coleman? *A.* Yes, sir.

Mr. BUNKER. Those are included in the extension of balances?

The WITNESS. Yes, sir. On page 7 the total of the deposit column is $748.21; it appears on the ledger as $523.21, a difference of $225. There is a deposit to the credit of J. A. Holmes & Company, $225, which is not included in the total of the deposit column. This amount appears in pencil to the left of the footing of the balance column.

Mr. BUNKER. That is included in the extension of the Holmes balance?

The WITNESS. Yes, sir.

*Q.* 455. What do you figure that that $225 represents? *A.* An increase in the shortage.

*Q.* 456. There is a deposit on that day? *A.* There may be another one [*referring to the depositors' ledger*]. There is another deposit to the credit of David F. Burns that day of $225.

*Q.* 457. But one appears on Earl's books, and two appear on the depositors' ledger. *A.* On page 9 the total of the deposit column is $2,484.34; it appears on the ledger as $2,347.40, a difference of $136.94. There is a deposit to the credit of H. E. McGoldrich & Sons Company of $136.94, and that makes a difference in the balance column on that day of that amount, and that amount appears in pencil to the left of the footing of the balance column.

*Q.* 458. What do you figure that is? *A.* An increase in the shortage.

*Q.* 459. Of— *A.* $136.94.

Mr. NAY. Wait a moment. We will see if that appears on Earl's book. [*After examining Mr. Earl's books.*] There is no such deposit.

The MASTER. Have you, up to this time, in going over the depositors' ledger, been comparing it with the general ledger from time to time, or have you just been using this depositors' ledger alone?

The WITNESS. Do you mean since I have been testifying?

The MASTER. No, no; in making up these figures that you have testified to.

The WITNESS. Well, yes; I have used all the books.

Mr. NAY. I shall bring out the comparisons between the two in some detail later.

The MASTER. I wish you would.

Mr. MORSE. You are limiting yourself, then, to evidence of entries which you find to be incorrect from an examination of the depositors' ledger alone?

The WITNESS. Well, not in such cases as these, where it is necessary to compare the two books.

Mr. MORSE. Well, Mr. Nay's suggestion in these questions has

been in regard to errors which were obvious to anybody who took this depositors' ledger and made an examination of it; and I understand that you have not limited yourself to those errors, but that you have now been stating errors which you ascertained by comparison of the depositors' ledger with the cashier's book?

The WITNESS. Not necessarily, because these errors would appear on the ledger itself, without comparison.

Mr. MORSE. Then why have you gone to the cashier's book?

The WITNESS. We have been to that for verification, that is all, to see if there were such deposits on that book.

Mr. NAY. Particularly on matters of deposits.

Mr. MORSE. Perhaps this is a matter more properly for cross-examination than for inquiry at this time.

The WITNESS. The fact that the deposit column is added incorrectly is evidence enough of that in itself. On page 10 the balance of Charles E. Pike is extended as $1,280.47; it should be $280.47, a difference of $1,000. That difference of $1,000 appears in the total of the balance column. On page 13 the balance of C. J. Walsh is extended as $204.21; it should be $184.21, a difference of $20. And the balance of D. O. Waldron & Sons is extended as $148.43; it should be $168.43, a difference of $20.

*Q.* 460. Does that finish that page? *A.* Yes, sir.

*Q.* 461. Then you have testified that the increase in the shortage that day was $100, $293, $225, $136.94? *A.* Yes, sir. On January 27, page 12, the total of the check column is $581.48; it appears on the ledger as $2,481.48, a difference of $1,900.

*Q.* 462. What does that represent? *A.* That increases the shortage $1,900. And on the day preceding this a check was given to J. Thomas Reinhardt for $1,912.50. On January 28 a difference on page 3 of $2,094.32 is shown. Page 4, $293. Page 7, $225. Page 9, $136.94. Page 10, $1,000. Page 12, $1,900.

*Q.* 463. So that how many pages on January 28 show incorrect additions? *A.* Six out of the fourteen. On January 29, no change. On January 30, page 4, the total of the check column is $707.09; it appears on the ledger as $647.39, a difference of $59.70.

*Q.* 464. Well, there is a less total than the addition would give? *A.* Yes.

*Q.* 465. Is that subsequently corrected? *A.* I think it is.

*Q.* 466. If it were not it would indicate a restoration of— *A.* Yes, but I think it is a bookkeeping error, which takes care of itself. Page 8, the balance of Lucy O. Lockhart is extended as $4,892.43; it should be $2,892.43, a raise of $2,000. On page 14 the total of the check column is $723.23; it appears on the ledger as $638.73, a difference of $84.50. And the total of the deposit column is $1,275.59; it appears on the ledger as $1,247.59, a difference of $28.

*Q.* 467. Would that also be, if it does not subsequently appear to have been corrected, a small restoration? *A.* No, I should say not; merely a bookkeeping error.

*Q.* 468. Then, according to the items you have given, the increase in the shortage in January, 1909, is how much? *A.* $6,729.26.

*Q.* 469. Making a total of— *A.* $54,300.26. February 1, page 3, the balance of G. W. Coleman is extended as $92.36; it should be overdrawn $7.64, a difference of $100.

*Q.* 470. What did that represent? *A.* It increased the shortage $100. It shows a difference in the balance column on that page of $2,194.32. Page 4, a difference of $293. Page 7, $225. Page 8, $2,000. Page 9, $136.94. Page 10, $1,000. Page 12, $1,900. Also, on page 10, there is a difference in both the check and deposit columns of $28, one of which offsets the other.

*Q.* 471. That is, on how many of the fourteen pages on February 1 were there errors in addition? *A.* Seven. On February 2, page 3, the balance of G. W. Coleman is extended as $188.66; it should be $88.66, a raise of $100.

*Q.* 472. And that represents— *A.* An increase in the shortage. That makes the difference on that page $2,294.32. Page 4, $293. Page 7, $225. Page 8, $2,000. Page 9, $136.94. Page 10, $1,000. Page 12, $1,900. February 3, no change. February 4, there is a difference on page 2 in both the check and deposit columns of $313.75, one of which offsets the other. The difference

on page 3 is $2,294.32. Page 4, $293. Page 7, $225. Page 8, $2,000. Page 9, $136.94. Page 10, $1,000. Page 12, $1,900.

*Q.* 473. How many pages have incorrect additions on February 4? *A.* Seven, aside from that change on that page for the correction item.

*Q.* 474. Where one offset the other? *A.* Yes.

Mr. BATES. That would be eight, then, if you include errors.

The WITNESS. Yes. February 5, no change. February 6, no change. February 8, it shows a difference on page 3 of $2,294.32. Page 4, $293. Page 7, $225. Page 8, $2,000. Page 9, $136.94. Page 10, $1,000. Page 12, $1,900. On February 9 it shows a difference on page 3 of $2,294.32. Page 4, $293. Page 7, $225. Page 8, $2,000. Page 9, $136.94. Page 10, $1,000. Page 12, $1,900. On page 13 the balance of D. O. Waldron & Sons is extended as $119.67; it should be $99.67, a difference of $20. And the balance of C. J. Walsh is extended as $92.17; it should be $112.17, a difference of $20. February 10, no change. February 11, the difference on page 3 is $2,294.32. Page 4, $293. Page 7, $225. Page 8, $2,000. Page 9, $136.94. Page 10, $1,000. Page 12, $1,900.

Mr. BUNKER. Those Waldron and Walsh items are simply a correction on February 9 of the page on January 26?

The WITNESS. Yes. February 12, no change. February 13, no change. February 15, a difference on page 3 of $2,294.32. Page 4, $293. Page 7, $225. Page 8, $2,000. Page 9, $136.94. Page 10, $1,000. Page 12, $1,900. February 16, page 1, the balance of Anna G. Beatey is extended as $1,201.65; it should be $201.65, a raise of $1,000. The difference on page 1 is $1,000. Page 3, $2,294.32. Page 4, $293. Page 7, $225. Page 8, $2,000. Page 9, $136.94. Page 10, $1,000. Page 12, $1,900.

*Q.* 475. Turn back just a moment. How many of the fourteen pages on that day had incorrect additions or extensions? *A.* Eight. February 17 there is no change. February 18, page 2, the balance of the Cambridge Ice Company is extended as $899.53; it should be $199.53, a raise of $700.

*Q.* 476. What does that indicate? *A.* An increase in the shortage.

Mr. BUNKER. A raise of $700?

The WITNESS. Yes, sir.

Mr. BUNKER. That doesn't make any increase in the shortage, does it?

The WITNESS. There has been no previous drop in the account.

Mr. NAY. It means false checks to that amount charged.

Mr. BUNKER. It would indicate that there may have been previously.

The WITNESS. It shows an increase in the liabilities of the bank.

Mr. NAY. It may have been checks improperly charged in previously.

The WITNESS. There is a difference on that day, on page 1, of $1,000. Page 2, $700. Page 3, $2,294.32. Page 4, $293. Page 7, $225. Page 8, $2,000. Page 9, $136.94. Page 2, $1,000. Page 12, $1,900.

*Q.* 477. On that day, February 18, how many of the pages had false additions or extensions? *A.* Nine.

Mr. MORSE. You are not particularizing in these cases what the nature of those errors is?

Mr. NAY. He has just testified what the nature of them is.

Mr. MORSE. I don't think he has.

Mr. NAY. Yes. In nine cases there were false additions of balances, and, in addition, on one page, there was a false extension. Nine pages had false balances, and, in addition, one page had a false extension, one on the same pages.

The WITNESS. February 19 there was no change. February 20, no change. February 23, a difference on page 1 of $1,000. Page 2, $700. Page 3, $2,294.32. Page 4, $293. Page 7, $225. Page 8, $2,000. Page 9, $136.94. Page 10, $1,000. Page 12, $1,900.

Mr. MORSE. Now, there, where you read off those items, do you mean by those items that those are errors in the balances?

The WITNESS. In the addition of the balance columns.

Mr. MORSE. You don't state it so in your evidence; that is the reason I ask the question.

The WITNESS. Well, I stated when the error first occurred.

Mr. MORSE. Well, perhaps your statement may be understood as covering that.

Mr. BATES. Let it be definitely understood now just what it is.

*Q.* 478. In answering as to February 23, where you speak of the difference, just state, so that there can be no misunderstanding, what you mean by it. *A.* I mean there is a difference between the correct addition of the balance column and the addition of the balance column as it appears on the ledger.

Mr. NAY. That appeared in yesterday's examination, and I think possibly this morning.

Mr. BUNKER. And the footing of the balance column, as it appears on the ledger, is more or less than the true footing?

The WITNESS. Less.

Mr. MORSE. That is true in every instance, is it, where you speak of differences, — you always mean less?

The WITNESS. Not always. I think at this present time it is true of all these differences.

Mr. NAY. I think that there were one or two occasions where it was more, exceptional ones, and he spoke of that and said that it was more.

The WITNESS. At this time they were all less. On February 24 the difference in the addition of the balance column on page 1 is $1,000. Page 2, $700. Page 3, $2,294.32. Page 4, $293. Page 7, $225. Page 8, $2,000. Page 9, $136.94. Page 10, $1,000. Page 12, $1,900.

Mr. MORSE. May I interrupt for a moment to ask whether these footings are always pencil footings, or not?

The WITNESS. In this case they are all pencil footings; yes, sir.

Mr. BATES. He asked whether they were all pencil footings.

Mr. MORSE. I meant those that he was covering by his present testimony.

Mr. BATES. They are not always.

Mr. MORSE. No, I don't mean always, but I mean any that he is covering by his present evidence.

The WITNESS. I will say all the footings this year up to this date —

Mr. MORSE. I don't hold you to an absolute answer, of course, because we have examined the books sufficiently to know that some of these footings are in ink; but these that you are now testifying to are in pencil.

The WITNESS. Yes, sir.

Mr. NAY. He just said all from January 1, 1909. That is right, is it?

The WITNESS. From January 6, from the time he opened his new folios. Previous to that some were pencil and some were ink.

Mr. MORSE. And the figures sometimes are a little difficult to read, aren't they?

The WITNESS. Yes, sir. February 25, the difference on page 1 in the addition of the balance is $1,000. Page 2, $700. Page 3, $2,294.32. Page 4, $293. Page 5, $1,000. Page 7, $225. Page 8, $2,000. Page 9, $136.94. Page 10, $1,000. Page 12, $1,900. On page 5 the balance of the G. W. Gale Lumber Company is extended as $866.93; it should be overdrawn $133.07, or a raise of $1,000.

*Q.* 479. Does that indicate any fresh taking? *A.* I can't recollect just at this minute whether that account had been previously dropped or not.

Mr. DEAN. Yes; you dropped it once before.

The WITNESS. There are several Gale accounts; there is the Gale & Stone and —

Mr. DEAN. November 10 it was dropped $1,000.

The WITNESS. The Gale Lumber Company?

Mr. DEAN. The Gale Lumber Company. And it has not been restored since.

The WITNESS. I should say that this was the restoration of that drop, and not a fresh taking.

*Q.* 480. On that day, February 25, 1909, how many of the fourteen pages contained false additions? *A.* Ten. On February 26 there is a difference in the total of the clearing house checks this day of $346.95, which would increase the shortage that much.

Mr. MORSE. Now, is that something that appears on that book, the depositors' ledger?

The WITNESS. It does not appear there.

Mr. MORSE. Well, you got it from the cashier's book?

The WITNESS. I got it by comparison of the total of the clearing house that does appear on this book with the total that is called for on the cashier's book. And on the twenty-fourth day of February he paid Brady $315. On February 27, page 4, there is a difference in both the check and deposit columns of $50, one offsetting the other. And on page 5, a difference in each of those columns of $255.61, one of which offsets the other.

*Q.* 481. That was the last day of February? *A.* Yes, sir.

*Q.* 482. Then in February there were four items which you testified to as increasing the shortage,— $100, $100, $700 and $346.95, a total of how much? *A.* $1,246.95.

*Q.* 483. Making the total shortage, from the books — *A.* $55,547.21. March 1 there is a difference on page 3 in both the check and deposit columns of $21.62, one offsetting the other. The difference in the total of the balance column on page 1 is $1,000. Page 2, $700. Page 3, $2,294.32. Page 4, $293. Page 5, $1,000. Page 7, $225. Page 8, $2,000. Page 9, $136.94. Page 10, $1,000. Page 12, $1,900.

*Q.* 484. Does any of that represent fresh takings? *A.* No, sir. March 2, the difference in the addition of the total balance column on page 1 is $1,000. Page 2, $700. Page 3, $2,294.32. Page 4, $293. Page 5, $1,000. Page 7, $225. Page 8, $2,000. Page 9, $136.94. Page 10, $1,000. Page 12, $1,900. March 3 there was no change. March 4, page 4, the total of the check column is $129.86; it appears on the ledger as $1,129.86, a difference of $1,000. And on March 3 a check was given to J. Thomas Reinhardt for $1,000.

*Q.* 485. That represents what — that $1,000? *A.* An increase in the shortage.

*Q.* 486. That was March 4? *A.* Yes, sir. March 5, no change. March 6, page 4, the total of the check column is $5,749.23; it appears on the ledger as $6,749.23, a difference of $1,000. On March 5 a check was given to J. Thomas Reinhardt for $1,000.

*Q.* 487. So that $1,000 represents — *A.* An increase in short-

age. On March 8, page 1, a difference in the total of the balance column, page 1, of $1,000. Page 2, $700. Page 3, $2,294.32. Page 4, $2,293. Page 5, $1,000. Page 7, $225. Page 8, $2,000. Page 9, $136.94. Page 10, $1,000. Page 12, $1,900.

*Q.* 488. That is, on how many pages on March 8 were there false additions on the ledger? *A.* Ten. On March 9, page 4, the total of the check column is $378.97; it appears on the ledger as $1,378.97, a difference of $1,000. And a difference in the total of the balance column on page 1 on that day of $1,000 —

*Q.* 489. What does that $1,000 represent that you have just testified to? *A.* An increase in the shortage. On page 2, $700. Page 3, $2,294.32. Page 4, $3,293. Page 5, $1,000. Page 7, $225. Page 8, $2,000. Page 9, $136.94. Page 10, $1,000. Page 12, $1,900.

*Q.* 490. False additions on how many pages? *A.* Ten. On March 10 there is no change. March 11, a difference in the addition of the balance column on page 1 of $1,000. Page 2, $700. Page 3, $2,294.32. Page 4, $3,293. Page 5, $1,000. Page 7, $225. Page 8, $2,000. Page 9, $136.94. Page 10, $1,000. Page 12, $1,900.

*Q.* 491. Does any of that represent a fresh taking? *A.* No, sir.

*Q.* 492. And on how many pages were there false additions? *A.* On ten. On March 12 there is no change. March 13, page 2, the total of the deposit column is $399.83; and it appears on the ledger as $499.83. In the deposit column, near the bottom of the page, appears $100, March 13, on page 3. On page 5 —

*Q.* 493. What does that indicate, that is, putting the deposits $100 more than they actually were on that page, — in your judgment? *A.* Page 5, the account of errors in cash is charged with $100, and the debit balance of that account is increased $100. I find that the total deposits, as shown by the individual ledger, are $17,586.15.

*Q.* 494. The total deposits for that day? *A.* For that day. While the general ledger shows total deposits of $17,686.15, a difference of $100.

Mr. MORSE. I don't quite understand that. What do you mean by the individual ledger and the general ledger?

The WITNESS. This is the individual ledger, what was called the individual ledger, the depositors' ledger.

Mr. BATES. And the general ledger was kept by Mr. Earl.

Mr. MORSE. Then you are referring to the book kept by Mr. Earl, are you not?

Mr. NAY. Yes, he is now; he is comparing something with this.

Mr. MORSE. All right. I only wanted to find out what he had there.

The WITNESS. But to offset the difference the deposit column on page 2 is raised $100, which would make Coleman's figures for the day agree with the general ledger. On page 5, account of errors in cash is charged $100, increasing the shortage in cash $100, and on the general ledger is added to the total checks "100 short". There are three deposits of $100 each on the general ledger, that is, Mr. Earl's book, while only two appear on the individual ledger.

*Q.* 495. To sum it up, then, it might mean that the bank lost $100? *A.* Yes, sir.

*Q.* 496. But it might mean an honest mistake? *A.* No, sir; I don't think so, because on that day there are three deposits of $100 on this book, while the individual ledger or depositors' ledger shows only two deposits of that amount. The cash is $100 short, and is added to the total of the checks in this book to make it agree with the total of the checks in Coleman's book.

Mr. NAY. What puzzled me was the entry that you spoke of on Earl's book, $100 short.

Mr. BATES. That means that the teller is short.

*Q.* 497. Is that so? *A.* The teller's cash is short; yes.

Mr. MORSE. Whose entry is it on that book?

Mr. NAY. Earl's.

Mr. MORSE. In pencil?

Mr. NAY. No, no; in ink; $100.

*Q.* 498. You figure, then, that there was a steal of $100 on that day, because there were three deposits according to Earl's book of $100 each, and Coleman entered up but two such deposits? *A.* I should say so; yes, sir.

*Q.* 499. What day is that? *A.* March 13. March 15 the differ-

ence in the total of the balance column on page 1 is $1,000. Page 2, $600. Page 3, $2,294.32. Page 4, $3,293. Page 5, $1,000. Page 7, $225. Page 8, $2,000. Page 9, $136.94. Page 10, $1,000. Page 12, $1,900.

*Q.* 500. Any fresh takings on that day? *A.* No, sir.

*Q.* 501. On how many pages do false additions appear? *A.* Ten. March 16, page 4, the total of the check column is $385.29; it appears on the ledger as $1,885.29 —

Mr. MORSE. Pardon me one moment. When you ask as to how many pages there are false additions on, I understand that you mean that all the entries on those pages were correct except the footings of the balance columns; am I right?

The WITNESS. Well, I couldn't say that all the entries are correct; that is —

Mr. MORSE. Well, do you find or point out any errors on those pages except the footings of the balance columns?

The WITNESS. There are no errors that I could detect there.

Mr. NAY. On that day.

The WITNESS. Except in the addition of the balance column.

Mr. MORSE. That is what I want to get at, that when you are pointing out these errors you mean to exclude any other errors —

Mr. NAY. No; because there were a lot of balances that were carried short.

Mr. MORSE. He is pointing out, as I understand, all the errors that he discovered in these books, and going along chronologically to do it. Now, when he says that he finds on certain days errors of the footings of the balance columns, I am assuming that he finds no other errors on those days.

Mr. BATES. Except those that he calls attention to.

Mr. MORSE. Yes.

Mr. BATES. And those under $20.

Mr. MORSE. Yes; I assume that.

Mr. NAY. That is true. And it is also true that if a check had been wrongly charged to an account and carried along for a month or two, in one sense that is a wrongful balance, but it would not show in the balances.

Mr. MORSE. That is what I mean. I want it understood that the witness does not discover or report any error on any page that he is covering by his testimony except the footings in the balance columns, unless he points them out, or unless they are less than $20.

Mr. NAY. That is not so.

Mr. BUNKER. Any errors made at that time.

Mr. MORSE. Made at that time.

Mr. NAY. Yes. But if Mr. Dresser's account is short $20,000, he is not speaking of that every day, but he waits until there is a change, although by passing it over on that day he does not mean that all those balances are accepted by him as correct, when the figures are not carried forward.

Mr. MORSE. I am not saying that he does, but I mean that he is not pointing out any error on any one of these pages except the error in the footing of the balance column, unless he particularly calls attention to it, or unless it is less than $20.

Mr. NAY. I guess that is right.

Mr. BUNKER. Any new errors.

The WITNESS. That is right.

*Q.* 502. There was no fresh taking on the 15th? *A.* No, sir. March 16, page 4, the total of the check column is $385.29; it appears on the ledger as $1,885.29, a difference of $1,500.

*Q.* 503. Representing — *A.* An increase in the shortage of $1,500. And on March 15 a check was given to J. Thomas Reinhardt for $1,500.

Mr. MORSE. That, of course, you get from the testimony in the case?

The WITNESS. From the other exhibits; yes, sir. On page 1 the difference in the balance column that day was $1,000. On page 2, $600. On page 3, $2,294.32. Page 4, $4,793. Page 5, $1,000. Page 7, $225. Page 8, $2,000. Page 9, $136.94. Page 10, $1,000. Page 12, $1,900.

*Q.* 504. Now, on that day, then, how many pages were incorrect? *A.* Eleven.

*Q.* 505. The total of those, if I have added them correctly, is how much? *A.* $14,949.26.

*Q.* 506. It has, however, appeared that the shortage on the last day of February was not less than $55,547.21, so that there is something over $40,000 discrepancy between these errors in addition on March 16 and the actual shortage; in fact that would be increased by the amount already testified to in March. Where was the balance of that concealment? *A.* Part of it in the extension of his totals, and part in individual accounts. On March 17 there is no change. March 18, page 4, the total of the check column is $759.93; it appears on the ledger as $1,759.93, a difference of $1,000.

*Q.* 507. Which difference is what? *A.* It increases the shortage $1,000. On page 11 the balance of Savage & Son was extended as $146.19; it should be $96.19, a raise of $50.

*Q.* 508. What does that indicate? *A.* I should say that that indicated an additional shortage of that amount.

*Q.* 509. Of how much? *A.* $50.

Mr. BUNKER. You mean it indicates that he had previously dropped $50 out of them?

The WITNESS. He had reduced the balance $50 previously; yes.

Mr. BUNKER. But that is simply a conclusion?

The WITNESS. Yes, sir.

Mr. BUNKER. It is not anything that appears on the book?

The WITNESS. No, sir.

Mr. NAY. If there had been a previous drop, and it was discovered, this would be simply an error.

Mr. BUNKER. It is a question of argument, not a question of anything that he finds on the book.

Mr. NAY. I think that it is a question of an expert's conclusion. If the error is corrected, it disposes of it; if the error is not corrected, it goes pretty far to show that he had covered up $50 in there at some previous time.

The WITNESS. On March 19, page 4, the total of the check column is $313.97; it appears on the ledger as $1,613.97, a difference of $1,300.

Mr. NAY. Which does what?

The WITNESS. Which increases the shortage that amount. Also,

on page 6, both the check and deposit columns have a difference of $936.35, one of which offsets the other. On March 20 there is no change. On March 22, on page 4, the total of the check column is $279.35; it appears on the ledger as $1,179.35, a difference of $900.

*Q.* 510. And that is what? *A.* That is an increase in the shortage. On page 6 the total of the check column is $294.78; it appears on the ledger as $1,294.78, a difference of $1,000.

*Q.* 511. Which is what? *A.* An increase in the shortage. And on that page the balance of A. E. Haines is extended as $3,517.01; it should be $4,517.01, a drop of $1,000. On page 9 the total of the check column is $645.70; it appears on the ledger as $245.70, a difference of $400. There is a counter check charged to the account of William P. O'Connor, $400, not deducted from the balance or included in the total of the check column.

*Q.* 512. Would that indicate anything as to a fresh stealing? *A.* No; I should say not. On page 11 the balance of Savage & Son is extended as $149.70; it should be $199.70, a difference of $50.

*Q.* 513. Doesn't that correct that $50 spoken of previously? *A.* Yes, sir.

*Q.* 514. Yes, that wipes that out. *A.* On the 20th of March Coleman gave a check to J. Thomas Reinhardt for $1,500.

*Q.* 515. Now, let me see if I have you rightly. On March 22 the total increase of the shortage is $1,900? *A.* $1,900. The differences that day in the addition of the balance columns are: On page 1, $1,000. Page 2, $600. Page 3, $2,294.32. Page 4, $7,-993. Page 5, $1,000. Page 7, $225. Page 8, $2,000. Page 9, $135.94. Page 10, $1,000. Page 12, $1,900.

Mr. BUNKER. $135.94?

The WITNESS. Yes; there is a difference of $1 there in the National Butter Company account.

*Q.* 516. Of those fourteen pages on that day, how many pages have false entries? *A.* Twelve.

*Q.* 517. Aren't you in error there? That [*pointing*] was apparently correcting an error. *A.* That was an error that day. I will omit that if you want me to.

*Q.* 518. Either eleven or twelve? *A.* Yes.

*Q.* 519. The Savage item was a correction? *A.* Yes. Either eleven or twelve.

Mr. BATES. Still it appeared on the page as an error.

The WITNESS. March 23, on page 4, the total of the check column is $118.07; it appears on the ledger as $418.07, a difference of $300.

*Q.* 520. And that is what? *A.* That is an additional shortage.

*Q.* 521. $300, wasn't it? *A.* Yes, sir. On page 1 the balance of Olive A. Baker is extended as $830.32; it should be $1,830.32, a drop of $1,000. On page 3 —

*Q.* 522. Do you treat that as a fresh shortage? *A.* No, sir; it covers up the previous differe[illegible]on that page. On page 3 the balance of Andrew Carlson is extended as $46.64; it should be $1,046.64, a difference of $1,000. On page 4 the balance of Emma L. Dustin is extended as $270.13; it should be $273.13, a drop of $3. The footings on that page are extended as $55,867.01; it should be $47,877.01, a difference of $7,990. On page 10 the balance of Mary L. Parker is extended as $218.61; it should be $1,218.61, a drop of $1,000. On page 11 the footings are extended as $15,685.21; it should be $23,675.21, a difference of $7,990. On page 12 the balance of Benjamin F. Sparrow is extended as $68.25; it should be $968.25, a drop of $900. The balance of V. R. Stilwell is extended as $799.92; it should be $1,799.92, a drop of $1,000. And the difference in the addition of the balance column on page 2 for that day is $600. Page 3, $1,294.32. Page 4, $300. Page 5, $1,000. Page 7, $225. Page 8, $2,000. Page 9, $135.94. Page 11, $7,990.

*Q.* 523. Any fresh taking on that day beyond the $300? *A.* Not beyond the $300. I think not. On March 24 the balance of F. Bryant & Company, on page 2, is extended as $1,090.64; it should be $1,790.64, a drop of $700. On page 6 there is a difference in both the check and deposit columns of $92.31, one of which offsets the other. On page 8 the balance of Lucy O. Lockhart is extended as $1,629.56; it should be $3,629.56, a drop of $2,000, showing an erasure.

*Q.* 524. Was there any increase in the shortage on that page? *A.* On that day, do you mean?

*Q.* 525. I mean on that day. *A.* No, sir. On March 25, page 3, the balance of A. F. Christian is extended as $404.50; it should be $1,404.50, a drop of $1,000. It shows an alteration. The balance of J. D. Churchill, on the same page, is extended as $79.01; it should be $169.01, a drop of $90.

*Q.* 526. Does either of those indicate any fresh taking? *A.* No, sir; I should say not. March 26, no change. March 27, page 5, the balance of J. Frank Facey is extended as $345.70; it should be $1,345.70, a drop of $1,000. On page 11, the balance of F. W. & E. H. Rogers, Trustees, is extended as $3,776.26; it should be $11,776.26, a drop of $8,000. On March 29, on page 3, the total of the check column is $894.20; it appears on the ledger as $889.88, a difference of $4.32; and a check of that amount is charged to G. W. Coleman.

*Q.* 527. Is that a fresh taking? *A.* No; I should say not. It is a check charged to him. I have got a note of that here. Let me see. There are some other transactions this day, and when I finish with them I will read this note.

*Q.* 528. All right. *A.* On page 7 the total of the check column is $1,906.56, it appears on the ledger as $1,681.56, a difference of $225; and a check is charged to the account of Adelaide M. Ketchum, $225. And on page 9 the total of the check column is $492.36; it appears on the ledger as $355.42, a difference of $136.94; and a check is charged to William P. O'Connor for $136.94. There is a net difference in the total deposits of this day between the depositors' ledger and the general ledger of $346.95. The depositors' ledger shows deposits of $13,674.72, while the general ledger shows deposits of $13,327.77, a difference of $346.95. After allowing for the $225 on page 7 and the $136.94 on page 9 and the $4.32 on the Coleman account, this is offset by a check charged to Coleman of $6.95 and a check charged to G. B. Caswell of $340.

*Q.* 529. Well, making any fresh shortage on that day? *A.* I think not. Really a change by a concealment of the previous shortages. On March 29, page 2, the difference in the balance

column is $100. Page 3, $200. Page 4, $300. On March 30, on page 11, the total of the check column is $467.07; it appears on the ledger as $356.07, a difference of $111; and there is a check of that amount charged to the account of Lucy J. Russell.

*Q.* 530. And that indicates what? *A.* I should say a covering up. On page 3 the balance of A. F. Christian is extended as $1,411; it should be $411, a raise of $1,000. On page 10 the balance of Charles P. Orne is extended as $3,405.43; it should be $6,405.43, a drop of $3,000. The same page, the balance of H. A. Penniman is extended as $3,573.54; it should be $5,573.54, a drop of $2,000. On the same page, the balance of G. A. A. Pevey, Trustee of M. R. Story, is extended as $998.74; it should be $2,998.74, a difference of $2,000. And on the same page the balance of J. C. Pillsbury, Special, is not extended at all; it should be $5,000, a drop of $5,000. The footings are extended as $20,954.98; it should be $32,954.98, a difference of $12,000. On page 11 the balance of Lucy J. Russell is extended as $206.12; it should be $2,206.12, a drop of $2,000. The balance, on the same page, of the estate of Samuel Sanders is extended as $11,219.04; it should be $3,219.04, a raise of $8,000. The footings are extended as $13,595.95; it should be $15,706.95, a difference of $2,111. On page 12 the balance of Charles H. Smith is extended as $2,994.76; it should be $994.76, a difference of $2,000. The balance of Martha C. Smith is extended as $1,995.78; it should be $250.78, a difference of $1,745. On page 13 the balance of Henry Thayer & Company is extended as $685.07; it should be $2,685.07, a drop of $2,000. The balance of S. Tower & Company, the same page, is extended as $496.49; it should be $2,496.49, a drop of $2,000. The footings are extended as $7,839.41; it should be $11,839.41, a difference of $4,000.

*Q.* 531. Are those all changes in individual balances? *A.* All changes in individual balances.

*Q.* 532. Now, if I may ask this, he appears there to have dropped a lot of balances, and to have raised a lot of balances? *A.* Yes, sir.

Mr. MORSE. A shifting from one account to another, wasn't it?

Mr. BATES. Shifting; a concealment by shifting from one account to another.

*Q.* 533. What, at the conclusion of that day's business, was the condition of the balances on those pages? *A.* On page 2 it shows a difference in the balance column of $100. Page 3, $1,200. Page 4, $300. Page 11, $8,000. Page 12, $3,745.

The MASTER. That is March 31 he is on now, isn't it?

The WITNESS. March 30.

*Q.* 534. Were there any fresh takings on that day, as you make it out? *A.* I should say so; yes, sir.

*Q.* 535. Which were they? *A.* In the account of Martha C. Smith the balance there is raised $1,745, without any indication of a previous drop.

*Q.* 536. Her account had been dropped, though, but had been restored, if I recall rightly? *A.* Yes, sir.

Mr. BUNKER. That is not a taking on that day; it is assumed to be a restoration of something previously charged against it.

The WITNESS. Yes, sir; the bank's liability was increased that much that day.

*Q.* 537. What else? *A.* I think that is all that day.

*Q.* 538. Can you tell us, on that one day, how many mistakes appeared on that book, apparent mistakes, that a person looking at it could have found without reference to any other book? *A.* I should say twenty.

*Q.* 539. Twenty on individual accounts? *A.* Yes, sir.

*Q.* 540. And, in addition to that, the false additions of the balances you have testified to.

Mr. MORSE. You don't mean to say that mistakes of individual accounts could be ascertained by just looking at the book?

Mr. NAY. Why, yes; because he jumped balances and dropped balances.

The WITNESS. March 31, on page 1, there is a difference in both the check and deposit columns of $54.01, one of which offsets the other. On page 2, the total of the check column is $1,448.25; it appears on the ledger as $1,548.25, a difference of $100.

*Q.* 541. What does that represent? *A.* An increased shortage.

On page 4 there is a difference in both the check and deposit columns of $91.42, one offsetting the other. On page 7, a difference in both the check and deposit columns of $43 68, one of which offsets the other. Page 8, a difference in each column of $1,218.07, one of which offsets the other. On page 9, a difference in each column of $169.75, one of which offsets the other. Page 12, a difference in each column of $92.36, one of which offsets the other. On page 12 the balance of V. R. Stilwell is extended as $839.76; it should be overdrawn $160.24, a raise of $1,000.

*Q.* 542. What did that indicate? *A.* A restoration of a previous drop, I should say.

*Q.* 543. Oh, there was a previous drop, was there? *A.* Yes, sir. The balance of the S. Tower Company is extended as $239.08; it should be overdrawn $1,760.92, or a raise of $2,000.

*Q.* 544. What does that indicate? *A.* The same thing.

Mr. BATES. And that is a restoration?

The WITNESS. Yes, sir.

*Q.* 545. You have finished with March 31? *A.* Yes, sir.

Mr. MORSE. What is the total?

*Q.* 546. Were balances extended on that day? *A.* They were not; no, sir.

*Q.* 547. The increase, then, in the shortage, in the month of March, was how much? *A.* $10,945.

*Q.* 548. Add that to the total shortage ascertained by this method at the conclusion of the previous month, and it gives us— *A.* $66,492.21.

*Q.* 549. Since the adjournment last July have you found two or three corrections that you wish to make in your previous testimony on the figures; and, if so, will you state what they are, and how they affected the total result? *A.* I have. I find that on August 3, 1908, there was a clearing house difference of $1,400, which I omitted in my testimony.

*Q.* 550. And that $1,400 difference would represent what? *A.* An increase in the shortage. Also, on December 22, 1908, the balance of Henry Thayer & Company was raised $1,000, without a

previous drop, which would also increase the shortage by that amount.

*Q.* 551. By $1,000; yes. Anything else? *A.* Yes, sir. I testified that on August 11, 1908, the account of F. A. Kennedy was raised $300, I think.

*Q.* 552. I will find the reference to that. Page 1334 [*passing the stenographic report to the witness*]. *A.* I testified that F. A. Kennedy's balance was extended as $7,562.75, and that it should be $7,862.75, and I testified that that $300 was a fresh taking, but I have discovered since that it was not, that it was to conceal a taking of a previous date,— January 2d, I think.

*Q.* 553. Which you had already testified to? *A.* Which I had testified to; yes, sir.

*Q.* 554. So that you have testified now to two additional takings, but that $300, however, would be a diminution? *A.* Yes, sir.

*Q.* 555. Yes. Anything else? *A.* Yes, sir. 1909, January 5, the balance of C. M. Currie was raised $100, without showing a previous drop, which would increase the shortage $100.

*Q.* 556. Anything else? *A.* I also testified that on March 13, 1909, there were only two deposits of $100 on the individual ledger, and three on the general ledger. I have since discovered, on closer examination, that there are three on the individual ledger, and a correct addition of the individual ledger ($17,586.15) would agree with the correct addition of the general ledger; but there is an error in the addition on the general ledger of $100 on that day.

*Q.* 557. That is, on Earl's book Earl made a mistake of $100? *A.* Yes, sir.

*Q.* 558. That would mean, then, that the shortage previously testified to as regards that item would be diminished $100? *A.* Yes, sir.

*Q.* 559. Yes. Anything else? *A.* There was also a cash restoration on the twenty-ninth of March, 1909, of $11.27.

*Q.* 560. Wasn't it $111.27? *A.* No; this is the $100 I have just testified to.

*Q.* 561. Oh, yes. *A.* $11.27.

*Q.* 562. That is, Coleman restored $11.27 in cash? *A.* Yes,

sir. That would leave the total shortage, as corrected, at the close of business March 31, 1909, $68,580.94.

*Q.* 563. With those exceptions, Mr. Fraser, have you anything to add to your testimony up to March 31, 1909, or any other corrections to make? *A.* I testified that on November 10, 1908, the total check column added $718.22, and appeared on the ledger as $468.22, a difference of $250. I don't think I testified to the fact that I discovered a check charged to the account of George E. Carter, Trustee Estate of George P. — that is the way the account stands — for $250. It is deducted from his balance, but not included in the total of the column. There is no check on the general ledger for $250 on that day.

The MASTER. What is the result of that, on your testimony?

The WITNESS. Well, it is a concealment of that difference of $250. It is just the same as dropping Carter's balance $250. He takes the $250 out of his balance, but does not include the amount of the check in the total of the column.

*Q.* 564. But it is not a fresh shortage? *A.* No, sir.

*Q.* 565. Anything else? *A.* I think not.

*Q.* 566. Will you take, beginning with April 1, 1909, and mention the entries which you find tend to increase the shortage, if at all, or to decrease the shortage, if at all, or to transfer it, if at all, giving full details? *A.* I find that on April 1, on page 4, the total of the check column is $1,393.36. It appears on the ledger as $1,743.36, a difference of $350.

*Q.* 567. Which represents — *A.* Well, I don't think it represents an increase in the shortage. It really represents a restoration, so far as the bookkeeping entries go. Evidently there was no cash restoration. On the same day, page 7, there is a difference in both the check and the deposit columns of $139.37, one of which offsets the other. On page 11 —

*Q.* 568. Mention each item which, according to your conclusion, represents a fresh shortage. *A.* On page 11, the balance of the estate of Samuel Sanders is extended as $3,219.04; it should be $11,219.04, a drop of $8,000.

Mr. MORSE. What does that mean? Does he say that that is a fresh taking?

Mr. NAY. No; a concealment entry.

Mr. MORSE. Well, I think that he should state that.

Mr. NAY. He is going to mention each item of fresh stealings, and when he does not mention it you will know that it is not a fresh stealing.

The WITNESS. On April 2, page 6, a difference in both the check and the deposit columns of $196, one offsetting the other.

*Q.* 569. What does that mean? Is it intentional, in your judgment, or not? I don't understand it. *A.* I can show you on the book what it means, if you like.

Mr. NAY. All right. Bring the book on. I want to find out about that.

Mr. PILLSBURY. I have no objection, in the interest of saving time, to the master's taking it, but I think that it ought to be taken *de bene*, for I do not think that it is competent.

The MASTER. Let us see what you have got.

Mr. MORSE. Point out the entry.

The WITNESS. There is the deposit column and there is the check column [*pointing on the book, which is examined by the master*].

Mr. MORSE. Does one offset the other?

The WITNESS. Yes, sir; so far as this total here goes.

*Q.* 570. Will you explain what those two entries mean of $196 in the total checks column on page 6, April 2, 1909, and $196 in the deposit column, each item having a double cross against it, the last $196 being in the deposit column for the same date, the first $196 being a charge against the Grace Methodist Episcopal (M. E.) Church, the second being a credit to the Grace M. E. Church, Trustee.

Mr. MORSE. I understand Mr. Fraser to say that it does not affect the result at all; that one item offsets the other.

The WITNESS. It does not affect this total. On April 3d, page 3, the balance of G. W. Coleman is extended as $82.75; it should be overdrawn $17.25, a difference of $100, increasing the shortage

$100. On page 5 the balance of J. Frank Facey is extended as $914.12; it should be overdrawn $85.88, a difference of $1,000.

*Q.* 571. What date is that? *A.* April 3d.

*Q.* 572. A fresh taking? *A.* I should say not. On April 5th there is a difference in the total of the balance column on page 3 of $1,300. On page 4, $650, and on page 5, $1,000. On page 12, $4,745. Page 13, $2,000.

*Q.* 573. Do you mean that the figures that appeared at the foot of the columns were more or less than the true additions? *A.* They were less in each case.

*Q.* 574. That is, on April 5, 1909, five of the fourteen balance columns were considerably off in the additions? *A.* Yes, sir. On April 6 a difference in the balance column on page 3 of $1,300. Page 4, $650. Page 5, $1,000. Page 8, $2,000. Page 10, $10. Page 12, $4,745. Page 13, $2,000.

*Q.* 575. How many of the fourteen pages had wrong additions in the balance column? *A.* Seven. On page 8 the balance of Lucy O. Lockhart is extended as $3,385.73; it should be $1,385.73, a raise of $2,000. On page 10 the balance of the Prudential Insurance Company is extended as $2,520.02; it should be $2,530.02, a difference of $10. On April 7th there are checks charged to the account of David F. Burns as follows: $21.90, $50.20, $339, $114, $76, $100, a total of $701.10, extended to the total check column as $705.10. On April 8 there are no changes. On April 9th, no changes. April 10th, nothing. April 12th, on page 3, the balance of E. R. Cogswell is extended as $483.81; it should be overdrawn $66.19, a difference of $550. It shows an alteration, and the same amount ($550) appears in pencil in the deposit column marked "R. 550".

*Q.* 576. What does that $550 represent? *A.* I should say it was a raise in the balance of the Cogswell account and an increase in the shortage of that amount. There is a difference in the total of the balance column of page 3 of $1,850. On page 4, $650. Page 5, $1,000. Page 8, $2,000. Page 10, $10. Page 11, $4,745. Page 13, $2,000.

*Q.* 577. That is, how many of the fourteen pages had wrong

additions? *A.* Seven. April 13th, page 3, the balance of G. W. Coleman is extended as $87.75; it should be overdrawn $11.25, a raise of $99.

*Q.* 578. What was that $99? *A.* That was an increase in the shortage.

*Q.* 579. Please say so each time, without a question. That is April 13, 1909? *A.* Yes. There is a difference in the total of the balance column on page 3 of $1,949. Page 4, $650. Page 5, $1,000. Page 8, $2,000. Page 10, $8. Page 12, $4,745. Page 13, $2,000. On April 14th, which is misdated in the ledger as March 14th, on page 14 there is a difference in both the check and deposit columns of $45, one offsetting the other.

Mr. MORSE. Your limitation still holds that none of these represent fresh takings unless he so indicates?

Mr. NAY. Yes. There have been just three so far this month,— $100, $550 and $99.

The WITNESS. On April 15th, which is misdated March 15th, there is a difference in the total balance column on page 3, $1,949. Page 4, $650. Page 5, $1,000. Page 8, $2,000. Page 10, $8. Page 12, $4,745. Page 13, $2,000. On April 16, which is misdated March 16, there is nothing. On April 17th, which is misdated March 17th, page 4, the balance of Edwin Dresser is extended as $35,658.83; it should be $35,958.83, a difference of $300. And the total of the check column on that page is $748.92; it appears on the ledger as $1,048.92, a difference of $300, which would increase the shortage that much. On page 9 the total of the check column is $979.69; it appears on the ledger as $679.69, a difference of $300. There is a check charged to the account of F. R. Nickerson for $300, and no balance extended. That increases the shortage on that day $300.

*Q.* 580. $300? *A.* Yes, sir. On April 20th, misdated March 20th, the balance of G. W. Coleman is extended as $65.82; it should be $64.82, a difference of $1. On page 9 —

*Q.* 581. What does that represent? *A.* That is a fresh taking.

*Q.* 582. That makes that $99 up to $100? *A.* Yes, sir. On page 9 the balance of F. R. Nickerson is extended as $17.82; it

should be overdrawn $282.18, a difference of $300. That is a concealment.

*Q.* 583. That is a concealment? *A.* Yes, sir. A difference in the balance column on page 3 of $1,950. On page 4, $650. Page 5, $1,000. Page 8, $2,000. Page 10, $8. Page 12, $4,745. Page 13, $2,000. April 21st, misdated March 21st, the balance of G. W. Coleman is extended as $42.82; it should be $43.82, a drop of $1.

*Q.* 584. A restoration? *A.* A restoration. The balance on page 10 of W. Enos Phillips is extended as 152 — I guess you can cross that out. That comes under the limit,— 90 cents. The difference in the balance column on page 3 is $1,949. Page 4, $650. Page 5, $1,000. Page 8, $2,000. Page 10, $8.90. Page 12, $4,745. Page 13, $2,000. On April 22d, misdated March 22d, a difference in the balance column, page 3, of $1,949. Page 4, $650. Page 5, $1,000. Page 8, $2,000. Page 10, $8. Page 12, $4,745. Page 13, $2,000.

*Q.* 585. How many of the fourteen pages were off that day? *A.* Seven. On April 23d, misdated March 23d, there is nothing. On April 24th, misdated March 24th, there is nothing. On April 26th, misdated March 26th, the balance of G. W. Coleman is extended as $216.32; it should be $215.32, a raise of $1. That increases the shortage $1. The difference in the balance column on page 3 is $1,950. Page 4, $650. Page 5, $1,000. Page 8, $2,000. Page 10, $790. Page 12, $4,745. Page 13, $2,000. April 27th, misdated March 27th, on page 11 the balance of F. W. & E. H. Rogers is extended as $14,545; it should be $6,545; a raise of $8,000. The difference in the balance column on page 3 is $1,950. Page 4, $650. Page 5, $1,000. Page 8, $2,000. Page 10, $10. Page 11, $8,000. Page 12, $4,745. Page 13, $2,000. On April 28th there is nothing. On April 29th, a difference in the balance column, on page 3, of $1,950. Page 4, $650. Page 5, $1,000. Page 8, $2,000. Page 10, $10. Page 11, $8,000. Page 12, $4,745. Page 13, $2,000. On April 30th, page 3, there is a difference in both the check and deposit columns of $19.37, one offsetting the other. On page 8, there is a difference in both the check and deposit columns of $50, one of which offsets the other. That is all that day.

*Q.* 586. And how much, then, do you figure the fresh shortage in April, 1909, amounted to? *A.* $1,400.

The MASTER. Just even money, $1,400? *A.* Yes.

Mr. MORSE. What does that make the total shortage at the end of April?

The WITNESS. $69,980.94.

Mr. BUNKER. Which one of those two on April 17th was a taking, and which one was not?

The WITNESS. It is the one where the difference in the check column appears; that was on page 4; that was the increase in the shortage, in the check column; the check column adds $748.92; and it appears on the book as $1,048.92.

*Q.* 587. Now proceed in the same way for May, and be particular each time there is a shortage to mention it. That enables us to check up. *A.* On May 1st, page 1, the balance of Olive A. Baker is extended as $644.50; it should be $664.50, a difference of $20; a drop. On page 7—

*Q.* 588. A taking of $20? *A.* No; I think not. Page 7, a difference in both the check and deposit columns of $125, one offsetting the other. On page 13 the balance of Abigail C. R. Stubbs is extended as $514.42; it should be overdrawn $485.58, a raise of $1,000. The balance of Henry Thayer & Company is extended as $969.64; it should be overdrawn $30.36, a raise of $1,000. On May 3d, page 1, the balance of Allison H. Berton is extended as $96.12; it should be $76.12, a difference of $20. On page 3 the balance of George B. Caswell is extended as $297.63; it should be overdrawn $2.37, a difference of 300. In the balance column there appears in pencil the marks "300 G. B.". On page 5 there is a difference in both the check and deposit columns of $75.60, one offsetting the other. The difference in the balance columns: On page 3, $2,249.99. Page 4, $650. Page 5, $1,000. Page 8, $2,000. Page 11, $8,000. Page 12, $4,745. Page 13, $4,000. On May 4th, page 4, the total of the check column is $292.07; it appears on the ledger as $792.07, a difference of $500, which would indicate a fresh taking. The difference in the balance column on page 3 is $2,249.-99. Page 4, $1,150. Page 5, $1,000. Page 8, $2,000. Page 11,

$8,000. Page 12, $4,745. Page 13, $4,000. May 5th, nothing. On May 6th, page 8, there is a difference in both the check and deposit columns of $49.75. One offsets the other. On May 7th, page 12, the balance of Benjamin F. Sparrow Estate — no, that is not "Estate" — I guess that means "Extended" — $270.46; it should be overdrawn $629.54; a raise of $900. On May 8th there is nothing. On May 10th, page 5, the balance of Gale & Stone, Agents, is extended $1,000 too little, and the balance of Gale & Stone is extended $1,000 too much. On page 7 the balance of The Holy Ghost Hospital is extended as $12,421.15; it should be $15,421.15, a difference of $3,000. On the same page the total of the check column is $724.83; it appears on the ledger as $3,224.83, a difference of $2,500, which is a fresh taking.

*Q.* 589. Two thousand five hundred or three thousand? *A.* Two thousand five hundred. On page 10 the balance of Mary L. Parker is extended as $700.44; it should be overdrawn $299.56, a raise of $1,000. The balance of Charles E. Pike is extended as $732.84; it should be $1,732.84, a drop of $1,000. The differences in the balance column are: On page 3, $2,249.99. Page 4, $1,150. Page 5, $1,000. Page 7, $500. Page 8, $2,000. Page 11, $8,000. Page 12, $5,645. Page 13, $4,000.

*Q.* 590. How many pages have wrong additions on that day? *A.* Eight.

*Q.* 591. Out of — *A.* Out of fourteen. On May 11th, page 7, the total check column adds $1,449.35; it appears on the ledger as $2,949.35, a difference of $1,500, which would increase the shortage. The balance of The Holy Ghost Hospital is extended as $10,718.12; it should be $11,718.12, a difference of $1,000. The difference in the balance column, on page 3, is $2,249.99. Page 4, $1,150. Page 5, $1,000. Page 8, $2,000. Page 11, $8,000. Page 12, $5,645. Page 13, $4,000. On May 12th there is nothing. On May 13th the difference in the balance column, on page 3, is $2,249.99. Page 4, $1,150. Page 5, $1,000. Page 8, $2,000. Page 11, $8,000. Page 12, $5,645. Page 13, $4,000.

*Q.* 592. How many there? *A.* Seven. On May 14th, page 4, the total of the check column is $575.18; it appears on the ledger

as $1,075.18, a difference of $500, increasing the shortage that much. On May 15, page 4, the total of the check column is $343.-30; it appears on the ledger as $3,743.30, a difference of $3,400. And the account of G. W. Coleman is credited on that day with a deposit of $3,543.75. He also gave a check to J. Thomas Reinhardt on the previous day for $3,462.50.

*Q.* 593. You haven't said what that $3,400 represented. *A.* The $3,400 represented an increase in the shortage. On May 17th, a difference in the balance column, page 3, of $2,249.99. Page 4, $5,050. Page 5, $1,000. Page 8, $2,000. Page 11, $8,000. Page 12, $5,645. Page 13, $4,000. On May 18th, the difference in the balance column, on page 3, is $2,249.99. Page 4, $5,050. Page 5, $1,000. Page 8, $2,000. Page 11, $8,000. Page 12, $5,645. Page 13, $4,000. On May 19th there is nothing. On May 20th, page 2, the balance of the Cambridge Ice Company is extended as $692.09; it should be $92.09. Some of the work on this day was in a different handwriting. The "6" in this $692.09 appears to be in a different hand from what the rest of the work of that day is in. That would indicate a fresh taking.

*Q.* 594. Of how much? *A.* $600.

Mr. BUNKER. Is that ledger here?

The WITNESS. Yes, sir.

Mr. BUNKER. I would like to look at it.

The WITNESS. [*Producing a book, and pointing to an entry.*] That should be $92.09. That "6" has been put in there.

*Q.* 595. Do you find any figures for that particular day in Coleman's writing? *A.* Yes, sir.

*Q.* 596. Have you finished with May 20th? *A.* No, sir. On page 12 there is a check charged to the Standard Action Company, $4,000, which has been testified to as a false check. And on the previous day he paid J. Thomas Reinhardt $4,000. The differences in the balance column —

*Q.* 597. That $4,000 is what? *A.* It increases the shortage $4,000.

*Q.* 598. As well as the $600 that you have previously testified to?

*A*. Yes, sir. The differences in the balance column are: Page 2, $600 —

Mr. PILLSBURY. What is the date of that check of the Standard Action Company?

The WITNESS. May 20th. Page 2, $600. Page 3, $2,249.99. Page 4, $5,050. Page 5, $1,000. Page 8, $2,000. Page 11, $8,000. Page 12, $5,645. Page 13, $4,000.

*Q*. 599. Eight out of fourteen pages? *A*. Eight; yes, sir. On May 21, there is nothing. On May 22, nothing. On May 24, a difference in the balance column, page 2, $600. Page 3, $2,249.99. Page 4, $5,050. Page 5, $1,000. Page 8, $2,000. Page 11, $8,000. Page 12, $5,645. Page 13, $4,000.

*Q*. 600. Eight out of fourteen? *A*. Yes, sir. On May 25th, page 3, the balance of G. W. Coleman is extended as $208.40; it should be $8.40, a raise of $200, which would increase the shortage $200. On page 4 the footings are extended as $43,621.52; it should be $41,621.52, a difference of $2,000. On page 10 the balance of H. A. Penniman is extended as $2,459.47; it should be $459.47, a raise of $2,000. The clearing house checks as per the depositors' ledger amount to $10,476.37; the clearing house checks as shown by the general ledger amount to $8,476.37, a difference of $2,000. There is a check of $2,000 charged to the account of Josephine C. Cunningham. This increases the shortage $2,000 on that day.

*Q*. 601. $2,000 plus $200, or — *A*. Yes, sir. I should say that $2,000 did not increase the shortage. It is a matter of bookkeeping. He has increased his checks by that amount, but he has taken that amount out of the Cunningham balance, which is a concealment.

*Q*. 602. Which leaves $200 on that date? *A*. Yes, sir. The difference in the balance column is: Page 2, $600. Page 3, $2,449.99. Page 4, $3,050. Page 5, $1,000. Page 8, $2,000. Page 10, $2,000. Page 11, $8,000. Page 12, $5,645. Page 13, $4,000.

*Q*. 603. How many pages out of the fourteen do wrong additions of the balance columns appear on on that day? *A*. Nine. On May 26th, page 4, the footings are extended as $46,849.78; they should be $43,849.78, a difference of $3,000. On page 11 the footings

are extended as $13,062.05; they should be $3,062.05, a difference of $10,000. There is a difference between the total of the checks on the individual ledger of that day as compared with the general ledger of $3,000. And on page 5 there is a counter check charged to G. W. Gale, Agent, $3,000, which does not appear on the general ledger.

*Q.* 604. What is the increase in the shortage on May 26th? *A.* There is no increase in the shortage. These are all concealment entries. On May 27th, page 12, the footings are extended as $36,316.05; it should be $35,316.05, a difference of $1,000. There is a check charged to Martha C. Smith, $1,000, which is not on the general ledger. There is a difference in the total of the checks between the individual and general ledgers of $1,000. Those are concealment entries. On May 28th, page 8, the footings are extended as $19,984.96; it should be $17,984.96, a difference of $2,000. There is also a difference between the total checks on the individual and the general ledgers of $2,000; and a clearing house check is charged to Willis Mabry for $2,000.

*Q.* 605. Well, any increase on that date? *A.* No, sir. On May 29th there is a check — or rather on page 3 the total of the deposit column is $1,149.50; it appears on the ledger as $939.50, a difference of $210. The total check column on the same page is $501.99; it appears on the ledger as $492, a difference of $9.99. There is a check charged to G. W. Coleman of $9.99, also a credit to A. F. Christian of $210, both on the same page, and neither of them appears on the general ledger. That $210 in the deposit column would increase the shortage that amount, the credit to A. F. Christian. The $9.99 does not affect it. On page 4 the total of the check column is $458.34; it appears on the ledger as $408.34, a difference of $50. And there is a check charged to Emma L. Dustin of $50, which is not on the general ledger. That is a concealment in her account of that amount. On page 5 the total of the check column is $2,989; it appears on the ledger as $1,989, a difference of $1,000, which would increase the — no; let me see. No, it does not increase the shortage. The footings on page 11 are extended as $11,042.35; it should be $13,042.35, a difference of

$2,000. And on page 12 the total of the check column is $4,548.18; it should be $3,548.18 — I would say, not should be, but appears on the ledger as $3,548.18, a difference of $1,000. Those two items of $1,000 are offset by the difference in the extension of this footing.

*Q.* 606. So that the increase in the shortage on that day is only $210? *A.* Yes, sir, up to this time. That is all. The total of the check column on page 13 is $5,528.62; it appears on the ledger as $1,528.62, a difference of $4,000. There is a check charged to the account of J. Tishler of $3,000, which does not appear on the general ledger. And also a check charged to the Slayton Paper Manufacturing Company of $1,400.70, which appears on the general ledger as $400.70, a difference of $1,000. The $3,000 check of Tishler has been testified to by Mr. Coleman as a false charge. I don't think the shortage was increased that day by that amount, though.

*Q.* 607. Why not? *A.* Because the figures, the total of the shortage andall, don't indicate it; and I think that the $3,000 was merely put down there to show a reason for dropping his balance. I think his intention was only to drop his balance that day, and he scratched in a $3,000 check to make it look like a legitimate drop. There is a difference in the addition of the total checks of that day between the individual ledger and the general ledger of $6,050, which accounts for the difference on page 4 of $50; on page 5, of $1,000 difference; on page 12, $1,000; and the difference on page 13 of $4,000.

*Q.* 608. How much did the shortage increase on that day, May 29th? *A.* $210. That is all in May.

*Q.* 609. That is all in May? *A.* Yes, sir.

*Q.* 610. Were the balance columns added on that day? *A.* Yes, sir.

*Q.* 611. And state, giving the numbers, which ones were wrongly added. *A.* On page 2 there is a difference of $600; page 3, $2,650; page 10, $2,000; page 12, $3,645.

*Q.* 612. Only four? *A.* Yes.

*Q.* 613. Now, you make it, then, that the addition to the shortage in the month of May, 1909, was how much? *A.* $13,410.

*Q.* 614. Yes, $13,410. And the total shortage? *A.* $83,390.94.

*Q.* 615. That is down to June 1, 1909? *A.* Yes.

*Q.* 616. Now, proceed in the same way for June. *A.* June 1st, page 1, the total of the check column is $1,473.31; it appears on the ledger as $1,273.31, a difference of $200. And the footings are extended as $17,068.02; it should be $17,268,02, a difference of $200. The balance of Edward O. Boyle, on page 2, is extended as $30; it should be $630; and it shows an erasure. Page 3, the balance of Hiram L. Chase is extended as $506.17; it should be $556.17; and it shows an erasure; the balance of G. W. Coleman, on the same page, is extended as $134.01; it should be $34.01; an increase of $100; and an increase in the shortage of that amount. The footings on that page are extended as $14,592.65; it should be $11,752.65, a difference of $3,200. On page 5 the total of the deposit column is $3,716.94; it appears on the ledger as $2,716.94, a difference of $1,000. On page 10 the balance of H. A. Penniman is extended as $475.07; it should be $2,475.07, a difference of $2,000. On page 12 the total of the check column is $4,119.57; it appears on the ledger as $3,474.57, a difference of $645. There is a clearing house check charged to Minnie D. Seaverns on that day and page of $1,645. The footings on that page are extended as $37,517.10; it should be $34,517.10, a difference of $3,000. There is a difference between the total checks of the individual ledger and those of the general ledger of $12,845. And there are clearing house checks charged to The Holy Ghost Hospital, two of $4,000 each; Minnie D. Seaverns, $1,645; Charles H. Smith, $2,000; and a counter check charged to Edward A. Baker of $1,200, which makes a difference of $12,845.

*Q.* 617. How much was the shortage increased that day, if any, beyond this $100 that you testified to? *A.* I think that is all. The rest are all concealments. On June 2d —

Mr. NAY. This was just prior to the bank examiner's visit?

The MASTER. Yes.

The WITNESS. On June 2d there is nothing.

*Q.* 618. Were balances added on June 1st or 2d? *A.* On June 1st; yes, sir. The differences are: on page 3, $500; page 5, $1,000.

That is all. June 2d, nothing. June 3d, nothing. It has been testified that on June 2d he gave a check to Reinhardt for $2,000.

*Q.* 619. Let us see when the bank examiner came that year. *A.* He came on the 15th. On June 3d there is nothing.

~~Mr. Nay. Mr. Bunker tells me that he has entered his appearance for the executors of the Richardson estate.~~

The WITNESS. June 4th, nothing. June 5th, nothing. June 7th, page 3, the balance of J. D. Churchill is extended as $21.30; it should be $321.30, a difference of $300. On the same page there is a clearing house check charged to J. L. Campbell, $4; it is extended in the total check column as $204, and deducted from the balance as $204. And the total of the check column on that page is $407.76; and this appears on the ledger as $207.76, a difference of $200. The footings are extended as $14,519.22; it should be $15,519.22, a difference of $1,000. The footings on page 5 are extended as $29,462.31; it should be $28,462.31, a difference of $1,000.

*Q.* 620. Do you say that the shortage was increased on that date? *A.* No, sir; I should say it was not. On June 8 there is nothing.

*Q.* 621. Turn back to June 7th a minute. Were the balances entered that day? *A.* Yes, sir. There are no differences. They have all been straightened out.

*Q.* 622. On June 7th the balances were added rightly? *A.* Yes, sir.

*Q.* 623. All of them? *A.* Well, yes; they are added right simply because he extended his totals to make them appear right. He made his changes in the extension of his totals.

*Q.* 624. I see.

Mr. PILLSBURY. Well, then, they were not added right, as I understand it.

Mr. NAY. Yes, the additions of the columns were correct, but he made his changes in extending the totals.

Mr. BATES. The additions of the columns were correct, but the additions of the horizontal lines were wroug.

The WITNESS. June 8th, nothing. June 9th, there is a difference between the total of the clearing house checks on the individ-

ual ledger and those on the general ledger of $1,000; and there is a clearing house check charged to the Prospect Union that day of $1,000, which increases the shortage that much. And on the day previous it has been testified that he gave Hayden, Stone & Company a check for $916.25. On June 10th there is nothing. On June 11th, on page 11, there is a difference in both the check and the deposit column of $20, one offsetting the other. On June 12th, page 3, the total of the deposit column is $460.23; it appears on the ledger as $410.23, a difference of $50. And there is a deposit to the credit of G. W. Coleman on that day of $50, increasing the shortage that much. On the 14th, on page 6, the total of the check column is $1,948.61; it appears on the ledger as $2,948.61, a difference of $1,000, increasing the shortage that much.

*Q.* 625. $1,000? *A.* Yes, sir. The differences in the addition of the balances are: on page 3, $50; and on page 6, $1,000. On June 15th the balance of Edward A. Baker is extended as $1,155.-75; it should be $155.75, a raise of $1,000. On page 2, the balance of W. E. Burrage is extended as $428.06; it should be overdrawn $71.94, a raise of $500. On the same page, the balance of Frank A. Andrews is overdrawn $115.08. No balance is extended. Equal to a raise of that much. On page 3, the balance of J. D. Churchill is extended as $351.30; it should be $21.30, a difference of $300. On the same page, the balance of G. W. Coleman is extended as $158.63; it should be $58.63, a difference of $100, and an increase in the shortage of that much. The difference in the balance columns is, page 1, $1,000; page 2, $615.08; page 3, $450; page 6, $1,000. On June 16th there is nothing. On June 18th, the difference in the balance column, page 1, is $1,000; page 2, $500; page 3, $450; page 6, $1,000. June 19th, page 13, the balance of the Slayton Paper Company is extended as $564.70; it should be overdrawn $435.30, a raise of $1,000. On June 21st, the difference in the balance column, page 1, is $1,000; page 2, $500; page 3, $450; page 6, $1,000; page 13, $1,000. June 22d, on page 1, in the deposit column, appears in pencil the notation, "Raised 1,000." On page 4, the balance of Josephine C. Cunningham is extended $3,017.60; it should be $1,017.60, a raise of

$2,000. And the difference in the balance column, page 1, is $1,000; page 2, $500; page 3, $450; page 4, $2,000; page 6, $1,000; page 13, $1,000. On June 23d there is nothing. June 24th, a difference in the balance column, page 1, $1,000. Page 2, $500. Page 3, $450. Page 4, $2,000. Page 6, $1,000. Page 13, $1,000. June 25th there is nothing. He testified that on the 24th he gave Brady a check for $1,600. On June 26th, page 5, the balance of Gale & Stone, Agents, is extended as $4,348.62; it should be $1,348.62; a raise of $3,000. There is a clearing house check charged of $3,000 in a different handwriting. Some of the work that day was in a different hand. June 28th, the difference in the balance column, page 1, is $1,000. Page 2, $500. Page 3, $450. Page 4, $2,000. Page 5, $3,000. Page 6, $1,000. Page 13, $1,000. On June 29th the balance of Edward A. Baker is extended as $1,082.47; it should be $882.47; a raise of $200. The balance of Olive A. Baker is extended as $1,479.33; it should be $479.33; a raise of $1,000. Both amounts, $200 and $1,000, appear in pencil in the deposit column. On page 2 the balance of F. Bryant & Company is extended as $1,097.41; it should be $397.41; a difference of $700, in pencil, in the deposit column. On page 3 the balance of J. L. Campbell is extended as $1,038; it should be $838; a raise of $200. The balance of E. A. Carney is extended as $2,084; it should be $1,084; a raise of $1,000. The balance of George E. Carter, Trustee, is extended as $792.31; it should be $542.31; a raise of $250. The balance of Hiram L. Chase is extended as $557.88; it should be $507.88; a raise of $50. The balance of G. W. Coleman is extended as $125.11; it should be $25.11; a raise of $100. The balance of George E. Crowell is extended as $2,639.76; it should be $1,639.76; a raise of $1,000. The balance of J. Frank Facey is extended as $2,612.17; it should be $1,612.17; a raise of $1,000. The balance of George W. Gale, Agent, is extended as $4,972.21; it should be $1,972.21; a raise of $3,000. The balance of J. A. Holmes & Company is extended as $1,023.20; it should be $223.20; a raise of $800, which appears in pencil. The balance of Willis Mabry is extended as $2,421.50; it should be $421.50; a raise of $2,000; it appears in pencil. The

balance of H. E. McGoldrich & Sons Company is extended as $3,131.98; it should be $2,131.98, a difference of $1,000. The balance of William P. O'Connor is extended as $835.68; it should be $705.68; a raise of $130. This account also shows a deposit of $6.94, which is marked with a double cross. The balance of G. A. A. Pevey, Administrator, is extended as $1,204.57; it should be $204.57; a raise of $1,000. The balance of the Prudential Insurance Company is extended as $2,797.02; it should be $797.02; a raise of $2,000. The balance of the Prospect Union is extended as $1,083.95; it should be $83.95; a raise of $1,000. The balance of Lucy J. Russell is extended as $2,196.88; it should be $96.88; a raise of $2,100. And this account also shows a deposit of $11 marked with a double cross. The balance of Savage & Son is extended as $491.82; it should be $441.82; a raise of $50. The balance of Charles H. Smith is extended as $2,919.29; it should be $919.29; a raise of $2,000. The balance of Martha C. Smith is extended as $1,895.10; it should be $895.10; a raise of $1,000. The balance of the Standard Diary Company is extended as $11,-201.60; it should be $8,201.60; a raise of $3,000. Over the balance of Minnie D. Seaverns shows in pencil $1,645, which is the amount of a check charged on the first day of June. The balance of Henry Thayer & Company is extended as $4,352.72; it should be $3,282.72; a raise of $1,070. That shows in pencil. The balance of J. Tishler is extended as $4,844.83; it should be $644.83; a raise of $4,200. And in pencil appears $1,200 and $3,000.

*Q.* 626. Is there any fresh shortage on that day? *A.* Yes, sir.

*Q.* 627. And give the figures that made it up. *A.* Well, there is one of $100 in the Coleman account.

*Q.* 628. Where he raised his own balance $100? *A.* Yes, sir.

*Q.* 629. Any others? *A.* Yes, sir. There are a number of balances raised that day that have not shown any previous drop. There is Edward A. Baker, $200; George W. Gale, $3,000; J. A. Holmes & Company, $800; G. A. A. Pevey, Administrator, $1,000; the Prudential Insurance Company shows a raise of $2,000, with a previous drop noted of $1,000, which would make a net increase of $1,000; Savage & Son, $50; Henry Thayer & Company is raised

$1,070; their previous drop is $1,000, which makes a net increase of $70; the balance of J. Tishler is increased that day $4,200; his previous drop is $4,000; which makes a net increase of $200.

*Q.* 630. That is, if I understand you rightly, you say that on that date there were a number of balances that were raised, with no deposits to account for the raises? *A.* Yes, sir.

*Q.* 631. That in these accounts that you have just named there had been no previous fraudulent drops? *A.* No, sir.

*Q.* 632. Do you mean your answer to be taken, Mr. Fraser, to mean that those sums were actually taken on that day, the 29th of June? *A.* Oh, no.

Mr. MORSE. Does he mean that he has stated the previous drops which these sums cover?

Mr. NAY. He has stated the previous unauthorized drops which he has found, but these are jumps back where there has been no corresponding drop, or where the jump back is more than the amount of the drop. Of course what it means is that checks were charged in fraudulently.

Mr. MORSE. Well, that is your explanation, but the witness has not testified to that.

*Q.* 633. You having just testified, Mr. Fraser, that on this date, June 29th, 1909, there were raised balances on a number of accounts where you had previously not found any dropped balances, or where in some instances you had found dropped balances, but dropped to an amount less than the raise on this date, will you explain what those raises indicate to you as an expert?

The WITNESS. I can't. I should say, though, in answering the question, that it indicated only one thing, and that is that these accounts had been — that the balances of these accounts had been previously dropped by fraudulent charges or otherwise, and that these raises were intended to restore —

Mr. PILLSBURY. "Which I have not discovered" you added, in answer to Mr. Morse, off the record.

The WITNESS. That was another question.

Mr. NAY. Well, put that in, "which I have not discovered". Then I will put this question:

*Q.* 634. From the books themselves, would it be possible, in the majority of cases, to discover whether a check charged to a certain account was or was not a proper charge? *A.* I should say not, with the book alone; only in comparison with a list from the depositor.

*Q.* 635. Yes. That is all. Now go ahead with the next day. Give the additions and balances on that date. *A.* On the 29th of June the difference in the balance column, page 1, is $2,200. Page 2, $1,200. Page 3, $2,050. Page 4, $3,000. Page 5, $7,000. Page 6, $1,000. Page 7, $800. Page 8, $2,000. Page 9, $1,130. Page 10, $4,000. Page 11, $2,150. Page 12, $6,000. Page 13, $6,270.

*Q.* 636. That is, thirteen out of fourteen pages showed — *A.* A difference in the additions.

*Q.* 637. — differences in the balance columns. Take the next day, the 30th. *A.* On June 30th there is a difference in both the check and deposit columns on page 6 of $23.30, one offsetting the other; also on page 8, a difference in both the check and deposit columns of $200, one of which offsets the other; on page 12 there is a difference in both the check and deposit columns of $50, one offsetting the other; and on that page the balance of the Standard Action Company is extended as $26,557.78; it should be $25,257.-78, a difference of $1,300.

*Q.* 638. Then what is the total amount of the fresh shortage discovered in June? *A.* $8,670, — that makes a total of $92,060.94.

*Q.* 639. That is at the end of June? *A.* I would like to go back to the 29th of June. I testified that on the account of William P. O'Connor there was shown a deposit of $6.94, marked with a double cross; and also the account of Lucy J. Russell, a deposit of $11, marked the same way. Those were cash restorations, and should be deducted from the total shortage, — a total of $17.94.

*Q.* 640. So that leaves the shortage at the end of June $92,043? *A.* Yes.

Mr. PILLSBURY. What do you mean by "cash restorations"? It looks as though he had made a deposit out of his own funds.

The WITNESS. Yes. These deposits are marked in each case with a double cross, which indicates that they are not regular

deposits, and I think I can tell. Yes, they do appear on the general ledger.

*Q.* 641. Which would indicate that they unquestionably were made? *A.* Yes. It is my opinion that they were made by Mr. Coleman to balance an odd difference in those two amounts.

Mr. PILLSBURY. And they were deposits made in cash out of his own pocket?

The WITNESS. That is my opinion. Now, July 1st, on page 1, there is a difference in both the check amd deposit columns of $56.40, one offsetting the other; and a difference in the balance column, page 1, of $2,200. Page 2, $1,200. Page 3, $2,050. Page 4, $3,000. Page 5, $7,000. Page 6, $1,000. Page 7, $800. Page 8, $2,000. Page 9, $1,130. Page 10, $4,000. Page 11, $2,150. Page 12, $7,300. Page 13, $6,270.

*Q.* 642. Twelve out of fourteen pages have wrong additions? *A.* Thirteen.

*Q.* 643. Twelve out of thirteen? *A.* No; thirteen out of fourteen, — all but one. On July 2d there is a difference in both the check and deposit columns, page 3, of $20, one offsetting the other. On July 3d, page 7, the total of the check column is $535.07; it appears on the ledger as $3,035.07, a difference of $2,500, which is an increase in the shortage. On July 6, page 2, the balance of Edward O. Boyle is transferred from one folio to the other as $630; it should be $30. This is a day when he opens a new set of folios. On page 3 the balance of the Cambridge Mutual Fire Insurance Company is transferred as $1,488.86; it should be $488.86, a difference of $1,000; a raise. The balance of Andrew Carlson is transferred as $1,031.52; it should be $31.52, a raise of $1,000. On page 7, the balance of The Holy Ghost Hospital is transferred as $20,484.57; it should be $6,484.57, a raise of $14,000. On page 8 the balance of Adelaide M. Ketchum is transferred as $288.11; it should be $63.11, a difference of $225. The balance of Lucy O. Lockhart is transferred as $4,032.24; it should be $1,982.24, a difference of $2,050. Page 9, the balance of W. J. McCoy is transferred as $3,554.90; it should be $2,954.90, a difference of $600; a raise of $600. The balance of Charles P. Orne is trans-

ferred as $3,359.53; it should be $359.53, a raise of $3,000. On page 10, the balance of G. A. A. Pevey, Trustee of A. A. Prescott, is transferred as $2,350; it should be $300, a raise of $2,050. The balance of G. A. A. Pevey, Trustee of M. R. Story, is transferred as $2,584.86; it should be $584.86, a raise of $2,000. On page 11 the balance of the estate of Samuel Sanders is transferred as $11,338.67; it should be $3,338.67, a raise of $8,000. On page 12, the balance of Nat. J. Somers is transferred as $1,079.14; it should be $829.14, a raise of $250.

*Q.* 644. Do you find in any of these raises that you have testified to on that day, July 6, raises where no previous drops had been indicated? *A.* Yes, sir.

*Q.* 645. Then how much do you find in the way of fresh shortage on that day? *A.* $4,950.

*Q.* 646. Give the accounts. *A.* Lucy O. Lockhart, $2,050; W. J. McCoy, $600; G. A. A. Pevey, Trustee for A. A. Prescott, $2,050; Nat. J. Somers, $250, were all cases where the balances were raised.

*Q.* 647. And where no previous drops had been detected, or drops not sufficient to account for the raises? *A.* No drop had been detected.

*Q.* 648. How about the additions there? *A.* The differences in balances are: On page 1, $2,200. Page 2, $1,800. Page 3, $4,050. Page 4, $3,000. Page 5, $7,000. Page 6, $1,000. Page 7, $17,300. Page 8, $2,000 — make that $4,275, please, instead of $2,000. Page 9, $4,730. Page 10, $8,050. Page 11, $10,150. Page 12, $7,550. Page 13, $6,270.

*Q.* 649. That is, thirteen out of fourteen pages had — *A.* Were incorrect.

*Q.* 650. Were incorrect. *A.* On July 7th, nothing. On July 8th, page 2 —

Mr. NAY. I will call your Honor's attention to the fact that at this time the capital of the bank, within a very few dollars, had gone,— just short of $100,000.

The WITNESS. On July 8th, page 2, the total of the check column is $887.63; it appears on the ledger as $1,087.63, a difference of

$200, indicating a fresh stealing. On page 4 the total of the deposit column is $312; it appears on the ledger as $212, a difference of $100, and the total of the check column on that page is $279.66; it appears on the ledger as $329.66, a difference of $50, and indicates an increase in the shortage of $150 on that page.

*Q.* 651. Plus the $200 you just testified to? *A.* Plus the $200; $350 in all for the day. The difference in the balance column on page 2 is $200. On page 4, $150. July 9th there is nothing. July 10th, nothing. July 12th a difference in the balance column, page 2, of $200. Page 4, $150; and in the case of the difference on page 4 it appears in pencil.

*Q.* 652. Were balances extended on July 13th? *A.* Yes, sir.

*Q.* 653. Well, what has become of those numerous differences you testified to a moment ago? *A.* When he opened his new folios here he put down new totals, and, in a way, they were incorrect extensions. He made his additions appear correct on his new folios.

*Q.* 654. Oh, I see. *A.* The only differences that appear now are these two new discrepancies on the twelfth day of July. On July 13th, on page 4, the total of the check column is $1,250.43; it appears on the ledger as $2,000.43, a difference of $750; increasing the shortage that amount, making the difference in the balance columns on page 2, $200. Page 4, $900. On July 14th there is nothing. July 15th the difference in the balance column on page 2, $200. Page 4, $900. On July 16th, page 4, the total of the check column is $65; it appears on the ledger as $3,065, a difference of $3,000, and an increase in the shortage of that amount. I have noted the fact that on this page only four checks are charged. On July 17th there is a difference on page 8 in both the check and deposit columns of $72, one offsetting the other. On page 9 the balance of Albert L. Norris, Trustee, is extended as $136.41; it should be $36.41, a difference of $100. This difference is corrected on the 31st of July so that it does not affect the shortage.

*Q.* 655. It does not indicate a fresh taking, then? *A.* No, sir. On July 19th, page 4, the total of the check column is $421.45; it appears on the ledger as $3,421.45, a difference of $3,000, and an increase in the shortage of that amount. The difference — I will

state that it has been testified that on the 17th of July he paid Brady a check of $3,000. The difference in the balance column, page 2, is $200. Page 4, $6,900. Page 9, $100. On July 20th, a difference in the balance columns, page 2, $200. Page 4, $6,900. Page 9, $100. July 21, nothing. July 22, nothing, July 23, nothing. July 24, nothing. July 26, a difference in the balance column, page 2, of $200. Page 4, $6,900. Page 9, $100. On July 27th, page 4, the balance of G. W. Coleman is extended as $140.44; it should be $40.44, a raise of $100. The balance of the Kissel Kar Company is extended as $736.33; it should be $36.33, a raise of $700 and an increase in the shortage. The difference in the balance column on page 2, $200. Page 4, $7,000. Page 8, $700. Page 9, $100. On July 28th there is nothing, but it has been testified that on the 27th he paid a check to J. Thomas Reinhardt for $2,500. July 29th, nothing. July 30th, page 4, the total of the check column, $5,054.90; it appears on the ledger as $7,554.90, a difference of $2,500, an increase in the shortage of that much. July 31st there is a difference in both the check and deposit columns on page 7 of $176.27, one offsetting the other. The balance of Albert L. Norris is extended as $935.46; it should be $1,035.46, but this apparently corrects a previous error. On page 10 there is a difference in both the check and deposit columns of $20, one offsetting the other. On page 13 there is a difference in both the check and deposit columns of $48.57, one offsetting the other. Also on that page the balance of John T. Webster is extended as $433; it should be $233, an increase in the shortage of $200. The differences in the balance columns on that day are: Page 2, $200. Page 4, $9,500. Page 8, $700. Page 13, $200.

*Q.* 656. What do you make the total shortage for that month?

*A.* $18,050.

Mr. NAY. A total of $110,093?

The WITNESS. Yes, $110,093.

Mr. NAY. At the end of July?

The WITNESS. Yes.

Mr. NAY. Now for August.

The WITNESS. On August 2d there is a difference on page 6 in

both the check and deposit columns of $594.02, one offsetting the other; and on page 9 a difference of $53.08 in each column, one offsetting the other. The differences in the balance columns are: Page 2, $200. Page 4, $9,500. Page 8, $700. Page 13, $200. On August 3, page 8, the balance of the Kissel Kar Company is extended as $1,621.53; it should be $621.53, a raise of $1,000, and an increase in the shortage. The difference in the balance columns: Page 2, $200. Page 4, $9,500. Page 8, $1,700. Page 13, $200. On August 4th there is nothing. On August 5th, page 2, the balance of the Cambridge Ice Company is extended $200 too little, but is corrected on the 9th. And on page 9 the balance of George A. Nauffts is extended $500 too little, and is also corrected on the 9th. On page 14 the balance of Louis F. Weston is extended $100 too little, and is corrected on the 29th. The difference in the balance columns is: On page 2, $190. Page 3, $200. Page 4, $9,499.80. Page 8, $1,700. Page 9, $500. Page 13, $200. Page 14, $100.

*Q.* 657. Any fresh shortage that day? *A.* No, sir. On August 6th there is nothing. On August 7th there is nothing. On August 9th a difference in the balance columns: Page 2, $200. Page 4, $9,500. Page 8, $1,700. Page 13, $200. On August 10th, page 5, the footings are extended as $55,413.75; should be $55,414.75, a difference of $1. The difference in the balance columns: Page 2, $200. Page 4, $9,500. Page 8, $1,700. Page 13, $200. On August 11th there is nothing. On August 12th, on page 9, the balance of George A. Nauffts is extended $500 too little, and is corrected again on the 16th. The differences in the balance columns are: Page 2, $190. Page 4, $9,500. Page 8, $1,700. Page 9, $500. Page 13, $200. August 13th, nothing. August 14th, page 3, the total of the check column is $643.06; it appears on the ledger as $693.06, a difference of $50, which increases the shortage.

*Q.* 658. By that amount? *A.* By that amount. The footings on that page are extended as $52,669.85; should be $52,619.85, a difference of $50.

*Q.* 659. You had got down, Mr. Fraser, to August 14th. Will you go on from there? *A.* I should like to straighten out that

difference of $500, where we differed there in the June discrepancies. We differed, you remember, $500. You made it $8,670, and I said $8,170. I find that on the 15th of June he raised the balance of W. E. Burrage $500 without a previous drop, which would increase that to $9,170; and then of the $1,000 differences on June 29th he restored one to the Prospect Union that was previously put down as a shortage of $1,000, making my figures, $8,170, correct on that.

*Q.* 660. Oh, I see. *A.* That was a false check of $1,000 charged to the Prospect Union on June 9th.

Mr. DEAN. I did not have the Prospect Union down at all as a taking.

The WITNESS. June 9th, I testified that there was a false check charged to the Prospect Union; a clearing house check charged to the Prospect Union, $1,000.

Mr. DEAN. That is not a taking, then, because it was restored later.

Mr. NAY. But he finds another one later.

The WITNESS. It was a taking at that time, but it was restored later.

Mr. NAY. So that the net result for the month was $8,170.

The WITNESS. Yes. At the end of June the shortage was $91,543.

*Q.* 661. Then you have testified that the July shortage was $18,050? *A.* Yes, sir. That makes, then, at the end of July, July 31, $109,593.

*Q.* 662. Now, you had started on August. You had testified in August down as far as the 14th. You had given us an item of a new shortage on the 14th of $50, and I think you had finished on that day. *A.* On August 16th, the difference in the balance columns: Page 2, $200. Page 4, $9,500. Page 8, $1,700. Page 13, $200. On August 17th the difference in the balance columns was: Page 2, $200. Page 4, $9,500. Page 8, $1,700. Page 13, $200. On August 18th there is a difference in both the check and deposit columns, on page 8, of $68.88; also in the check column, the total of the check column is $199.05; it appears on the ledger

as $2,330.17, which makes a difference of $2,200, in addition to the $68.88; that is to say, there is a fresh shortage there of $2,200 on that day.

*Q.* 663. That is to say, the $68.88 is not a fresh taking? *A.* No, sir; that is offset. On August 19th, page 3, the balance of the Cambridge Ice Company is extended $200 less than it should be, and is corrected on the 23d; and on page 9 the balance of George A. Nauffts is extended $500 less than it should be, and is corrected on the 23d. The difference in the balance column is: Page 2, $200. Page 3, $200. Page 4, $9,500. Page 8, $3,900. Page 9, $500. Page 13, $200. On August 20th there is nothing. On August 21st, nothing. August 23d, the balance of Frank A. Andrews Company is extended in pencil $33.11; should be overdrawn $33.11, a raise of $66.22. That does not indicate a fresh shortage. I think it is corrected later on.

Mr. BUNKER. It is another one of those cases where he was using pencil instead of using red ink.

The WITNESS. Yes, sir. On page 6 the total of the check column is $4,011.05; it appears on the ledger as $7,011.05, a difference of $3,000, and an increase in the shortage of that amount; and it has been testified that on the day previous, or on the 21st, he gave J. Thomas Reinhardt a check for $3,000. The difference in the balance column is: Page 1, $66.22. Page 2, $200. Page 4, $9,500. Page 6, $3,000. Page 8, $3,900. Page 13, $200. On August 24th the balance of Frank A. Andrews Company is extended in pencil $112.11; it should be overdrawn $112.11, making a raise of $224.22. The difference in the balance columns is: On page 1, $224.22. Page 2, $200. Page 4, $9,500. Page 6, $3,000. Page 8, $3,900. Page 13, $200. On August 25th, nothing. On August 26th, the balance of the Cambridge Ice Company is extended $200 too little, and is corrected on August 30th. And on page 9 the balance of George A. Nauffts is extended $500 too little, and is corrected on the 30th. The difference in the balance columns is: Page 2, $200. Page 3, $200. Page 4, $9,500. Page 6, $3,000. Page 8, $3,900. Page 9, $500. Page 13, $200. That difference in the Andrews account has been straightened out, you see. On

August 27th the footings on page 5 are extended as $44,310.19; should be $44,510.19, a difference of $200. On August 28th, page 5, the footings are extended as $38,595.31; should be $38,395.31, a difference of $200, which offsets the difference of the same amount the previous day. August 30th, the difference in the balance column: Page 2, $200. Page 4, $9,500. Page 6, $3,000. Page 8, $3,900. Page 13, $200. On August 31st, page 7, there is a difference in both the check and deposit columns of $150, one offsetting the other. On page 11 the total of the deposit column is $719.16; it appears on the ledger as $676.96, a difference of $42.20. The total of the check column is $83.59; and it appears on the ledger as $81.35, a difference of $2.24. Checks charged to Charles E. Scallam, $25, $25, $14.96, making a total of $64.96; extended as $25, a difference of $39.96, and the amount of $39.96 is added to the balance of Savage & Son. The total difference in the balance column is: Page 2, $200. Page 4, $9,500. Page 6, $3,000. Page 8, $3,900. Page 13, $200.

*Q.* 664. No fresh shortage on that date? *A.* No, sir. That is the last day of August.

*Q.* 665. Making the total increase of the shortage for August how much? *A.* I call it $6,250.

*Q.* 666. And making the total shortage up to that date — *A.* $115,843. September 1st, page 7, the balance of J. A. Holmes & Company is extended as $1,379.09; it should be $779.09, a raise of $600, increasing the shortage $600. September 2d, the difference in the balance columns: Page 2, $200. Page 4, $9,500. Page 6, $3,000. Page 7, $600. Page 8, $3,900. Page 13, $200. September 3d, nothing. September 4th, nothing. September 7th, a difference in the balance column, page 2, of $200. Page 4, $9,500. Page 6, $3,000. Page 7, $600. Page 8, $3,900. Page 13, $200. September 8, page 2, the balance of David F. Burns is extended as $309.36; it should be $109.36, a difference of $200, an increase in the shortage of that amount.

*Q.* 667. $200? *A.* Yes, sir.

*Q.* 668. September 8th? *A.* Yes, sir. On page 13 the balance of the Tower Manufacturing Company is extended as $3,125.53; it

should be $125.53, or a raise of $3,000, which increases the shortage that much.

*Q.* 669. So that there are two items on September 8th? *A.* Yes, sir.

*Q.* 670. $200 and $3,000? *A.* Yes. The difference in the balance column: Page 2, $400. Page 4, $9,500. Page 6, $3,000. Page 7, $600. Page 8, $3,900. Page 13, $3,200. On September 9th the balance of S. Tower Company is extended $40.12; it should be $211.12, a difference of $171. The balance of the Tower Manufacturing Company is extended as $3,796.53; it should be $3,296.53, a difference of $500, which is corrected on the 13th. There is also a difference in both the check and deposit columns on that page of — no, I will change that. The total of the deposit column is $7,442.75; it appears on the ledger as $3,942.75, a difference of $3,500. The total of the check column is $9,004.48; it appears on the ledger as $5,675.48, a difference of $3,329.

*Q.* 671. Well, no fresh shortage on that date? *A.* No, sir. The difference between those two is $171, in the Tower account. On September 10th, page 5, the balance of M. J. Donovan is extended as $344.02; it should be $114.02, a difference of $230, a raise; and it is offset by a drop on the 30th of the same amount. On September 11th there is nothing. On September 13th, page 8, the balance of Bert. Kelley is extended as $99; it should be $0.99, a difference of $98.01; it is corrected on the 14th. On page 13 the balance of the Tower Manufacturing Company is extended as $3,296.53; it should be $3,796.53, a drop of $500, which offsets the error of the 9th. The difference in the balance column is: Page 2, $400. Page 4, $9,500. Page 5, $230. Page 6, $3,000. Page 7, $600. Page 8, $3,998.01. Page 13, $3,200. There is also a difference in the clearing house checks between the individual and the general ledger of $1,500, which indicates an increase in the shortage of that amount. On September 14th the difference in the balance column: Page 2, $400. Page 4, $9,500. Page 5, $230. Page 6, $3,000. Page 7, $600. Page 8, the footings are not extended on the ledger on that page, but the footings, according to the figures on the book, if extended, would be $28,338.19; showing a difference in the

balance column on that page of $3,900, and a difference on page 13 of $3,200.

*Q.* 672. That is, of the fourteen pages, there were how many wrong there? *A.* Seven. On one page he didn't extend his footings at all. On September 15th there is nothing. On September 16th the balance of G. W. Coleman is extended in pencil, on page 4, as $23.30; it should be an overdraft of the same amount, making a raise of $46.60, which is corrected on the 18th. On page 8 the total of the deposit column is $1,997.89; it appears on the ledger as $1,972.44, a difference of $25.45. The difference in the balance column: Page 2, $400. Page 4, $9,546.60. Page 5, $230. Page 6, $3,000. Page 7, $600. Page 8, if it had been extended according to the figures that appear on the books, the difference would be $3,900. Page 13, $3,200. September 17th, nothing. September 18th there is a check on page 7 of $15 charged to T. W. Hillier, Trustee, which is not deducted from his balance, but it is corrected on the 30th of the month. On September 20th the differences in the balance columns are: Page 2, $400. Page 4, $9,500. Page 5, $230. Page 6, $3,000. Page 7, $615. Page 8, the footings are not extended, but according to the figures that appear on the book it should be $31,082.26, making a difference of $3,900, and on page 13, $3,200. September 21 the balance of F. L. Earl is extended in pencil as $17.66; it should be overdrawn $17.66, a raise of $35.32, which is corrected on the next day.

Mr. PILLSBURY. That is the cashier, isn't it?

Mr. NAY. Yes.

The WITNESS. The differences in the balance column are: Page 2, $400. Page 4, $9,500. Page 5, $265.32. Page 6, $3,000. Page 7, $615. Page 8, $3,899.96. Page 13, $3,200.

Mr. BUNKER. If I may ask there, with regard to that error in Earl's account, the footings are correct if that is treated as a red ink entry instead of a pencil entry?

The WITNESS. Yes, the footings would be correct if it were in red ink, but, being in pencil, I have treated it as a black ink entry.

Mr. BUNKER. You have treated it as if it were a black ink entry;

but if those figures had been made in red ink the footing would be correct?

The WITNESS. Yes, sir. On September 22 there is a difference between the total of the clearing house checks in the individual ledger and the amount shown on the general ledger of $5,000, which increases the shortage that much; and it has been testified that on the day previous he paid J. Thomas Reinhardt $5,000. On September 23d the difference in the balance column, page 2, is $400. Page 4, $9,500. Page 5, $230. Page 6, $3,000. Page 7, $615. Page 8, not extended, but according to the figures on the book, if extended, it would be $30,212.30, or a difference of $3,899.96; the difference on page 13, $3,200. On September 24th the total of the deposit column on page 8 is $367; it appears on the ledger as $149, a difference of $218. September 25th there is a difference on page 6 in both the check and deposit columns of $400, one offsetting the other. On September 27th, page 5, the total of the check column is $4,265.56; it appears on the ledger as $6,265.56, a difference of $2,000, increasing the shortage that much. The balance of W. Fillmore Company is extended as $1,410.19; it should be $10.19, a raise of $1,400, and an increase in the shortage of that much.

*Q.* 673. $1,400? *A.* Yes, sir. On page 9 the balance of the Massachusetts Builders Finish Company is extended as $580.72; it should be overdrawn $69.28, showing a raise of $650.

*Q.* 674. Is that an increase? *A.* Yes, sir.

The MASTER. An increase of shortage?

The WITNESS. Yes, sir.

Mr. NAY. $650 more.

The WITNESS. The difference in the balance columns is: Page 2, $400. Page 4, $9,500. Page 5, $3,630. Page 6, $3,000. Page 7, $615. Page 8, $3,899.96. The footings on that page are not extended, but, according to figures as shown on the book, it would appear as $28,352.46. The difference on page 9 is $650, and on page 13, $3,200.

*Q.* 675. Take September 27th; how many of the balance columns are wrong? *A.* Eight.

*Q.* 676. Out of fourteen? *A.* Yes, sir. On the 28th, the difference in the balance column, page 2, is $400. Page 4, $9,500. Page 5, $3,630. Page 6, $3,000. Page 7, $615. Page 8, $3,899.96. Page 9, $650. Page 13, $3,200. The balances are not extended on pages 6, 7 and 8 of that day. On September 29th, page 5, the total of the check column is $1,259.47; it appears on the ledger as $4,259.47, a difference of $3,000, increasing the shortage that much. On September 30th, page 5, the balance of M. J. Donovan is dropped $230 to offset a raise of the same amount on the 10th. On page 6 there is a difference in both the check and deposit columns of $25, one offsetting the other. On page 7 the balance of T. W. Hillier, Trustee, is dropped $15, to offset a raise of the same amount on the 18th. There is also a difference in both the check and deposit columns on that day of $132.73, one offsetting the other. On page 14 there is a difference in both the check and deposit columns of $100, one offsetting the other.

*Q.* 677. So you make the total increase of the shortage for September how much? *A.* $17,350.

*Q.* 678. Making the total shortage on September 30th — *A.* $133,193.

Mr. NAY. I will call your Honor's attention to the fact that that is within less than $2,000 of wiping out the capital and the surplus.

The MASTER. How much was the surplus?

Mr. NAY. $32,500. That has been testified to.

The WITNESS. October 1st, on page 2, there is a difference in both the check and deposit columns of $268.84. On page 4 the balance of G. W. Coleman is extended as $793.13; it should be overdrawn $206.87, a raise of $1,000, and a fresh shortage of that amount. On page 6 the difference in both the check and deposit columns is $45.75, one offsetting the other. On page 8 there is a deposit to the credit of the Kissel Kar Company of $206 that is not in the total of the deposit column. The total of the deposit column is $690.79; it appears on the ledger as $459.79, a difference of $231. And the check column is $2,579.93; it appears on the ledger as $2,554.93, a difference of $25, making a net difference

of $206, which is credited to the Kissel Kar Company, increasing the shortage $206.

*Q.* 679. On October 1st? *A.* October 1st. On October 2d, page 5, the total of the check column is $1,857.16; it appears on the ledger as $2,057.16, a difference of $200, an increase in the shortage. On October 4th, page 7, the addition of the check column is $875.23; it appears on the ledger as $3,875.23, a difference of $3,000. The differences in the balance columns are: Page 2, $400. Page 4, $10,500. Page 5, $6,600. Page 6, $3,000. Page 7, $3,600. Page 8, $4,105.96. Page 9, $650. Page 13, $3,200.

*Q.* 680. That is, how many of the fourteen columns on that day were added wrong? *A.* Eight. And on pages 6, 7 and 8 the footings are not extended. On October 5th, page 5, the total of the check column is $1,020.17; it appears on the ledger as $2,020.17, a difference of $1,000, and an increase in the shortage. On page 8 the balance of the Kissel Kar Company is extended as $954.28; it should be overdrawn $45.72, a raise of $1,000, and an increase in the shortage of that amount. The differences in the balance columns are: Page 2, $400. Page 4, $10,500. Page 5, $7,600. Page 6, $3,000. Page 7, $3,600. Page 8, $5,105.96. Page 9, $650. Page 13, $3,200. On pages 6, 7 and 8 the footings are not extended.

Mr. BUNKER. Where you say that there is that difference in footings that are not extended, you mean that there would be that difference if the footings were extended?

The WITNESS. Yes, according to the figures appearing. On October 6th there is nothing. October 7th, page 2, the total of the check column is $1,034.93; it appears on the ledger as $4,534.93, a difference of $3,500, an increase in the shortage of that amount. The differences in the balance columns are: On page 2, $3,900. Page 4, $10,500. Page 5, $7,600. Page 6, $3,000. Page 7, $3,600. Page 8, $5,105.96. Page 9, $650. Page 13, $3,200. And the footings on pages 6, 7 and 8 are not extended. On October 8th there is nothing. On October 9th the balance of Frank A. Andrews Company is extended as $826.44, it should be overdrawn $173.56, a raise of $1,000, and an increase in the short-

age of that amount. On October 11th the differences in the balance columns are: Page 1, $1,000. Page 2, $3,900. Page 4, $10,500. Page 5, $7,600. Page 6, $3,000. Page 7, $3,600. Page 8, $5,105.96. Page 9, $650. Page 13, $3,200. The footings on pages 6, 7 and 8 are not extended. October 12th, page 8, the balance of the Kissel Kar Company is extended as $797.62; it should be $397.62, a raise of $400, and an increase in the shortage of that amount. The differences in the balance columns are: Page 1, $1,000. Page 2, $3,900. Page 4, $10,500. Page 5, $7,600. Page 6, $3,000. Page 7, $3,600. Page 8, $5,505,96. Page 9, $650. Page 13, $3,200. October 13th the addition of the check column on page 4 is $2,769.05; it appears on the ledger as $6,269.02, a difference of $3,500, increasing the shortage that much. On October 14th, page 5, the total of the check column is $1,142.23; it appears on the ledger as $4,142.23, a difference of $3,000, and an increase in the shortage of that amount. The differences in the balance columns are: Page 1, $1,000. Page 2, $3,900. Page 4, $14,000. Page 5, $10,600. Page 6, $3,000. Page 7, $3,600. Page 8, $5,505.96. Page 9, $650. Page 13, $3,200. The footings on pages 6, 7 and 8 are not extended. On October 15th, page 5, the total of the check column is $8,021.13; it appears on the ledger as $9,021.13, a difference of $1,000, and an increase in the shortage of that amount. October 16th there is nothing. On October 18th, page 5, the total of the check column is $4,575.06; it appears on the ledger as $8,575.06, a difference of $4,000, increasing the shortage that much. On page 6 there is a difference in both the check and deposit columns of $38, one offsetting the other. The differences in the balance columns are: Page 1, $1,000. Page 2, $3,900. Page 4, $14,000. Page 5, $15,600. Page 6, $3,000. Page 7, $3,600. Page 8, $5,505.96. Page 9, $650. Page 13, $3,200. The footings on pages 6, 7 and 8 are not extended. October 19th, on page 4, the balance of Claverly Hall is extended as $1,744.97; it should be $744.97, a difference of $1,000. The balance of G. W. Coleman is extended as $619.74; it should be $119.74, a raise of $500, and a fresh stealing of that amount. On page 6, the balance of G. W. Gale was extended

twice, probably an error, $9,177.55. The differences in the balance columns are: On page 1, $1,000. Page 2, $3,900. Page 4, $15,500. Page 5, $15,600. Page 6, $12,177.55. Page 7, $3,600. Page 8, $5,505.96. Page 9, $650. Page 13, $3,200. Pages 6, 7 and 8 the footings are not extended. On October 20th, page 5, the total of the check column is $231.75; it appears on the ledger as $4,231.75, a difference of $4,000, and an increase in the shortage of that amount. October 21st, a difference in the balance columns, page 1, $1,000—

*Q.* 681. All the shortage you testified to on that date, the 20th, was $4,000? *A.* Yes. October 21st the differences in the balance columns are: Page 1, $1,000. Page 2, $3,900. Page 4, $15,500. Page 5, $19,600. Page 6, $3,000. Page 7, $3,600. Page 8, $5,505.96. Page 9, $650. Page 13, $3,200. The footings on pages 6, 7 and 8 are not extended. On October 22d there is a counter check charged to David F. Burns for $600, which is not deducted from his balance. It is marked with a double cross. On page 5 the total of the check column is $3,610.76; it appears on the ledger as $8,110.76, a difference of $4,500, and an increase in the shortage of that amount. On page 7—

*Q.* 682. Pardon me. That $600 that you testified to, you did not put that down as a distinct item? *A.* As a shortage?

*Q.* 683. Yes. *A.* No, because it is not taken out of his balance. It appears there. On page 7 there is a difference in both the check and deposit columns of $236. One offsets the other. On October 23d, page 12, the total of the check column is $4,368.12; it appears on the ledger as $6,368.12, a difference of $2,000; and it has been testified that on the day previous he gave Brady a check of $1,800. That is a fresh shortage of $2,000. On October 25th, page 5, the total of the check column is $4,200.23; it appears on the ledger as $6,000.23, a difference of $1,800, and an increase in the shortage of that amount. The differences in the balance columns are: Page 1, $1,000. Page 2, $4,500. Page 4, $15,500. Page 5, $25,900. Page 6, $3,000. Page 7, $3,600. Page 8, $5,505.96. Page 9, $650. Page 12, $2,000. Page 13, $3,200. The footings are not extended on pages 6, 7 and 8.

*Q.* 684. How many of the columns are off as regards addition on that day? *A.* Ten.

*Q.* 685. And additions actually appear on how many? *A.* Appear on eleven pages.

*Q.* 686. I thought you said that there were three that were not added. *A.* Well, there are fourteen in all; three on which they don't appear.

*Q.* 687. Oh, I see. *A.* On October 26, page 5, the total of the check column is $1,908.18; it appears on the ledger as $2,408.18, a difference of $500, and an increase in the shortage of that amount. The balance of W. Fillmore Company is extended as $542.61; it should be $242.61, a difference of $300, an increase in the shortage of that much. The balance of the Kissel Kar Company is extended as $1,158.52; it should be $158.52, a raise of $1,000, and an increase in the shortage of that amount. The balance of M. H. Reed should appear as overdrawn $171.08; it is not extended, and it increases the shortage that much ($171.08). The balance of the estate of Samuel Sanders is extended as $1,382.12; it should be $11,382.12, a drop of $10,000. The differences in the balance columns are: Page 1, $1,000. Page 2, $4,500. Page 4, $15,500. Page 5, $26,700. Page 6, $3,000. Page 7, $3,600. Page 8, $6,505.96. Page 9, $650. Page 11, $9,828.92. Page 12, $2,000. Page 13, $3,200. The footings of pages 6, 7 and 8 are not extended. On October 27th, page 2, there is a difference in both the check and deposit columns of $225. One offsets the other. On page 5t he total of the check column is $193.67; it appears on the ledger as $4,193.67, a difference of $4,000, and an increase in the shortage of that amount. October 28th, nothing. October 29th, page 5, the total of the check column is $3,140.38; it appears on the ledger as $5,640.38, a difference of $2,500, and an increase in the shortage of that amount. On October 30th, page 4, the balance of Claverly Hall is extended as $754.01; it should be $1,754.-01, a drop of $1,000.

*Q.* 688. Not a taking? *A.* No. On page 5, the total of the check column is $1,830.40; it appears on the ledger as $4,430.40, a difference of $2,600, increasing the shortage $2,600. There is a

difference in both the check and deposit columns on page 9 of $33, one offsetting the other; also on page 10 of $25, one of which offsets the other; and on page 11 a difference of $550 in each column, one offsetting the other; and on page 12, a difference of $900 in each column, one offsetting the other; and on page 14 a difference of $36.30, one offsetting the other.

*Q.* 689. That ends October. What do you make the total shortage for October, Mr. Fraser? *A.* $47,277.08.

Mr. NAY. Is that what you have got?

Mr. DEAN. No.

Mr. BUNKER. $46,677.08.

Mr. NAY. That is what I make it.

Mr. DEAN. That is what I make it.

The WITNESS. Have you got $600 on the 22d to David F. Burns?

Mr. NAY. No.

The WITNESS. Oh, I believe I said that did not increase the shortage.

Mr. DEAN. You did.

The WITNESS. Well, yes, it *does* increase the shortage, of course. It is charged to his account, and is not taken out. It is equal to a raise in his balance.

Mr. NAY. That is why I asked you. I thought that it was an increase, and you said that it was not. Then straighten out your testimony on that. The $600 on October 22d is an increase in the shortage. Go ahead and explain it.

The WITNESS. Was it October 22d?

Mr. NAY. October 22d. Make your explanation.

The WITNESS. The counter check charged to David F. Burns on October 22d for $600, and not deducted from his balance, increases the total of the shortage by that amount.

*Q.* 690. You might make sure of that. Look at Earl's book for that particular date and see if there was a counter check of $600. *A.* There were two on his book for that day of $600. The only way to do is to compare the two.

*Q.* 691. Yes. See how many appear on the depositors' ledger for that date. [*After examining a book.*] Yes, there are two. You

go ahead and explain that. I was under a misapprehension on that. *A.* There are two $600 checks entered on the general ledger that day.

*Q.* 692. And one of the two entered on the general ledger is this $600 check to Burns?

Mr. BUNKER. How do you know?

The WITNESS. There are two checks on each book.

*Q.* 693. But the one you have testified to is the one that was not deducted from Burns' balance? *A.* Yes.

*Q.* 694. Which is equivalent to increasing it? *A.* Yes, indeed.

Mr. DEAN. How is that left, Mr. Nay? Are you going to call that $600 a stealing?

Mr. NAY. Oh, yes. It was not deducted from any balance. That leaves the total, then, $47,277.08 for October, and that makes the total, Mr. Fraser, at the close of business on October 31 how much?

The WITNESS. $180,470.08. On November 1st, page 5, the total of the check column is $700.75; it appears on the ledger as $2,700.75, a difference of $2,000, and an increase in the shortage of that amount. It has been testified that on the 30th of October he gave J. Thomas Reinhardt a check for $2,000. The difference in the balance columns is: Page 1, $1,000. Page 2, $4,500. Page 4, $14,500. Page 5, $37,800. Page 6, $3,000. Page 7, $3,600. Page 8, $6,505.96. Page 9, $650. Page 11, $9,828.92. Page 12, $2,000. Page 13, $3,200. The footings on pages 6, 7, 8 and 11 are not extended. November 2d, page 5, the total of the check column is $243.64; it appears on the ledger as $3,443.64, a difference of $3,200, and an increase of that amount.

*Q.* 695. How much? *A.* $3,200. The total of the balance column on that page appears on the ledger as $1,215.65. There are four individual balances on this page of more than that amount. The differences in the balance columns are: Page 1, $1,000. Page 2, $4,500. Page 4, $14,500. Page 5, $41,000. Page 6, $3,000. Page 7, $3,599. Page 8, $6,505.96. Page 9, $650. Page 11, $9,828.92. Page 12, $2,000. Page 13, $3,200. The footings on pages 6, 7, 8 and 11 are not extended. On November 3d there is

nothing. On November 4th, page 11, the balance of the estate of Samuel Sanders is extended as $1,143.91; it should be $1,436.91, a difference of $293, which is corrected on the 8th. On page 12 the balance of the Standard Action Company — well, that is a matter of only 10 cents. We might cross that out. The differences in the balance columns are: Page 1, $1,000. Page 2, $4,500. Page 4, $14,500. Page 5, $41,000. Page 6, $3,005.18. Page 7, $3,599. Page 8, $6,505.96. Page 9, $650. Page 11, $10,121.92. Page 12, $1,999.90. Page 13, $3,200.

*Q.* 696. How many of those had incorrect additions? *A.* Eleven.

*Q.* 697. And how many were there where the extensions were not carried out? *A.* Four.

*Q.* 698. Which ones were those? *A.* The extensions on pages 6, 7, 8 and 11 are not made.

*Q.* 699. Take pages 6, 7 and 8; how long is it, as you look back, since those were extended? *A.* The last extension of those three pages was on October 4th, just a month.

*Q.* 700. Just a month previous. Now go ahead.

Mr. MORSE. What is this last date that he has been testifying about?

Mr. NAY. November 4th was the last date.

Mr. MORSE. What was the date before that?

Mr. NAY. He has been going right along in chronological order.

*A.* November 5th, page 5, the total of the check column is $2,253.66; it appears on the ledger as $6,753.66, a difference of $4,500. The footings on that page are extended as $17,282.21; they should show an overdraft of $2,717.79, a difference of $20,000.

*Q.* 701. How about that $4,500? *A.* That increases the shortage. On November 6th there is nothing. On November 8th, page 5, the total of the check column is $622.43; it appears on the ledger as $5,122.43, a difference of $4,500, increasing the shortage that amount. On page 11 the balance of the estate of Samuel Sanders is extended as $1,436.91; it should be $1,143.91, a difference of $293, correcting an error of a like amount on the 4th. The differences in the balance columns are: Page 1, $1,000. Page 2, $4,500. Page 4, $14,500. Page 5, $30,000. Page 6, $2,999.90.

Page 7, $3,599. Page 8, $6,505.96. Page 9, $650. Page 11, $9,828.92. Page 12, $2,000. Page 13, $3,200. The footings on pages 6, 7, 8 and 11 are not extended. November 9th, on page 8, the balance of the Kissel Kar Company is extended as $1,043.84; it should be $43.84, a raise of $1,000, and an increase in the shortage of that amount. On page 11 the balance of Minnie D. Seaverns is extended as $277.06; it should be $177.06, a difference of $100. That does not increase the shortage. The differences in the balance columns are: Page 1, $1,000. Page 2, $4,500. Page 4, $14,500. Page 5, $30,000. Page 6, $2,999.90. Page 7, $3,599. Page 8, $7,505.96. Page 9, $650. Page 11, $9,728.92. Page 12, $2,000. Page 13, $3,200. The footings on pages 6, 7, 8 and 11 are not extended. November 10th, page 5, the total of the check column is $282.44; it appears on the ledger as $1,282.44, a difference of $1,000, and an increase in the shortage of that amount. November 11th there is a difference between the total of the clearing house checks on the individual ledger as compared with the general ledger of $3,500, increasing the shortage that amount. On November 12th, page 4, the total of the check column is $582.25; it appears on the ledger as $1,082.25, a difference of $500, increasing the shortage that amount. On November 13th there is nothing. On November 15th, page 5, the total of the check column is $7,019.70; it appears on the ledger as $13,019.70, a difference of $6,000. On the same page the account of Wellington Fillmore is charged with clearing house checks as follows: $1,000, $1,222 and $1,044, a total of $3,266. The checks are not extended to the total check column nor deducted from the balance. I don't think they affect the addition any; evidently charged up and sent back. Page 8, the balance of the Kissel Kar Company is extended as $798.15; it should be overdrawn $201.85, a raise of $1,000, and an increase in the shortage of that amount. The differences in the balance columns are: Page 1, $1,000. Page 2, $4,500. Page 4, $15,000. Page 5, $37,000. Page 6, $2,999.90. Page 7, $3,599. Page 8, $8,505.96. Page 9, $650. Page 11, $9,728.92. Page 12, $2,000. Page 13, $3,200. The footings on pages 6, 7, 8, 11 and 14 are not extended. The total increase that day was $7,000. On

November 16th, page 1, the balance of Frank A. Andrews Company is extended as $55.45; it should be overdrawn $144.55, a raise of $200, and an increase in the shortage of that amount. On page 4 the balance of G. W. Coleman was extended as $74.03; it should be overdrawn $25.97, a raise of $100, and an increase in the shortage of that amount. The balance of Cunningham Brothers (the same page) is extended in pencil as $44.07; it should be overdrawn $44.07, making a difference temporarily of $88.14. On page 5 the total of the check column is $4,667.90; it appears on the ledger as $8,667.90, a difference of $4,000, and an increase in the shortage of that amount. On the same page, the balance of Edwin Dresser is extended as $9,688.31; it should be $29,688.31, a difference of $20,000. The differences in the balance columns are: Page 1, $1,200. Page 2, $4,500. Page 4, $15,188.14. Page 5, $21,000. Page 6, $2,999.90. Page 7, $3,599. Page 8, $8,505.96. Page 9, $650. Page 11, $9,728.92. Page 12, $2,000. Page 13, $3,200. And the footings on pages 2, 6, 7, 8, 11 and 14 are not extended. November 17th, page 5, the footings are extended as $9,481.25; they should show an overdraft of $518.75, a difference of $10,000. November 18th, page 5, the total of the check column is $586.99; it appears on the ledger as $4,586.99, a difference of $4,000, increasing the shortage that much. On the same page the balance of J. H. Fitzgerald is extended as $16.67; it should be overdrawn $3.33, a difference of $20, afterwards corrected on the 19th. On page 14 the balance of George G. Wright is extended as $281.23; it should be overdrawn $15.77, a raise of $297; and there appears in pencil the memorandum "G. G. W. 297". That increases the shortage that amount.

*Q.* 702. $297? *A.* Yes, sir. On November 19th, page 4, the balance of G. W. Coleman is extended as $86.06; it should be overdrawn $13.94, a raise of $100, and an increase in the shortage of that amount. Page 5, the balance of J. H. Fitzgerald is extended as $8.81; it should be $28.81, a difference of $20, which offsets the error of the previous day. November 20th, page 5, the total of the check column is $1,277.08; it appears on the ledger as $4,277.08, a difference of $3,000, an increase in the shortage of

that amount. It has been testified that on the day previous he paid J. Thomas Reinhardt $2,000. On November 22d, page 4, the total of the check column is $690.64; it appears on the ledger as $3,690.64, a difference of $3,000, increasing the shortage by that amount. The differences in the balance columns are: Page 1, $1,200. Page 2, $4,500. Page 4, $18,20. Page 5, $18,000. Page 6, $2,999.90. Page 7, $3,599. Page 8, $8,505.96. Page 9, $650. Page 11, $9,728.92. Page 12, $2,000. Page 13, $3,200. Page 14, $297. The footings on pages 1, 2, 6, 7, 8, 11 and 14 are not extended. November 23d, page 4, the balance of Claverly Hall is extended as $1,754.01; it should be $754.01, a raise of $1,000. That does not increase the shortage. On the same page the balance of G. W. Coleman is extended as $229.63; it should be $29.63, a raise of $200, and an increase in the shortage of that amount. On page 8 the balance of F. A. Kennedy is extended as $1,571.83; it should be $10,571.83, a difference of $9,000. The balance of J. E. Kimball is extended as $441.39; it should be $3,441.39, a difference of $3,000. The balance of J. S. Lockhart, Guardian, is extended as $1.51; it should be $1,001.51. The balance of Eugene R. Luke is extended as $979.76; it should be $1,979.76, a difference of $1,000. The balance of Joseph Lipsez is extended as $8 90; it should be $1,008.90, a difference of $1,000. On page 12, the balance of the Standard Action Company is extended as $6,319.56; it should be $26,319.56, a difference of $20,000; on the same page the balance of the Standard Diary Company is extended as $10,615.74; it should be $40,615.74, a drop of $30,000. The differences in the totals of the balance columns are as follows: Page 1, $1,200. Page 2, $4,500. Page 4, $19,400. Page 5, $18,000. Page 6, $2,999.90. Page 7, $3,599. Page 8, $6,494.04. Page 9, $650. Page 11, $9,728.92. Page 12, $48,000. Page 13, $3,200. I have noted this, that "on pages where no footing appears on previous day is entered a footing apparently without regard to what previous day should show and also without regard to previous difference in the page". The footings on pages 1, 2, 6, 7, 8, 11 and 14 are not extended. I will have to correct that. It does not agree with my previous statement. The footings on

page 1 are extended as $7,463.72; they should be $13,002.81. The footings on page 2 are extended as $4,651.90; they should be $3,187.48. On page 6 the footings are extended as $13,461.28; they should be $28,399.24. Page 7 the footings are extended as $20,176.12; should be $19,392.65. On page 8 the footings are extended as $11,176.45; should be $19,974.20. Page 11, the footings are extended as $9,017.56; should be $20,698.67. On page 14 the footings are extended as $4,433.68; should be $6,243.01. The other should be crossed out, the answer that I gave in regard to the footings not being extended on those pages. November 24th, page 5, the total of the check column is $2,025.85; it appears on the ledger as $5,025.85, a difference of $3,000, increasing the shortage that much. November 26th, page 5, the balance of Austin Ford & Sons Company is extended as $693.35; it should be $493.-35, a difference of $200, increasing the shortage that much. November 27th, page 5, the total of the check column is $2,465.05; it appears on the ledger as $4,465.05, a difference of $2,000, an increase in the shortage of that amount. Page 7, the total of the check column is $1,908.05; it appears on the ledger as $1,408.05, a difference of $500. On page 9 —

*Q.* 703. Is that an increase? *A.* No.

Mr. BUNKER. That is not a fresh taking, that $500?

The WITNESS. No, sir. On page 9 the total of the check column is $1,315.39; it appears on the ledger as $815.39, a difference of $500 in each of those last two cases. You will notice that the amount that appears on the ledger is less than the correct total, which is just the opposite of what it would be if there was an increase in the shortage. Now, on page 6 the balance of G. W. Gale, Agent, is extended as $611.93; it should be $10,611.93, a drop of $10,-000. And on page 7 there is a check charged to Hopkins & Kimball, Trustees, for $500, which does not appear on the general ledger, and accounts for the $500 difference in the total. It is equal to a drop in the balance. On page 9 —

Mr. BUNKER. Wait a minute. Accounts for $500 difference in what total?

The WITNESS. The total of the page.

Mr. BUNKER. Oh, I see. Excuse me.

The WITNESS. On page 9 there is a check charged to Charles P. Orne of $500 that is not taken out of his balance, and accounts for the difference in the total of that page. On page 12 the balance of V. R. Stillwell is extended as $1,654.50; it should be $3,654.50, a drop of $2,000. The balance of Abagail C. R. Stubbs is extended as $219.52; it should be $1,219.52, a drop of $1,000.

*Q.* 704. We had got down, Mr. Fraser, to November 29, 1909. Will you proceed as before? *A.* On November 29th, page 2, the total of the deposit column is $863.51; it appears on the ledger as $763.51, a difference of $100. On page 6 the total of the deposit column is $794.41; it appears on the ledger as $894.41, a difference of $100. On page 7 the total of the check column is $5,802.-12; it appears on the ledger as $5,002.12, a difference of $800. Too little; it appears too little; and there is a check of $800 charged to the account of C. L. Holt which is not on the general ledger.

The MASTER. Is that an increase?

The WITNESS. No, sir; I should say not. On page 1 the balance of Frank A. Andrews Company is extended as $5.68; it should be overdrawn $44.32, a raise of $50, and an increase in the shortage of $50. The balance of Edward A. Baker is extended as $434.-06; it should be $1,434.06, a drop of $1,000. The balance of David A. Barber is extended as $643.99; it should be $2,643.99, a drop of $2,000. The balance of Eugene Barratta, 1st, is extended as $458.07; it should be $1,458.07, a drop of $1,000. The balance of Giovanni Barratta is extended as $535.05; it should be $535.01, a raise of 4 cents. The balance of Lucy A. Beane is extended as $198.37; it should be $1,198.37, a drop of $1,000. The balance of A. A. & N. F. Bechtell is extended as $1.03; it should be $1,001.03, a drop of $1,000. The balance of A. F. Blakeslee is extended as $27.52; it should be $527.52, a drop of $500. The balance of the Brookford Coal Company is extended as $60.68; it it should be $460.68, a drop of $400. The balance of Edward O. Boyle is extended as $39.29; it should be $439.29, a drop of $400. The balance of Bryant & Company is extended as $50.91; it should be $750.91, a drop of $700. The balance of John W. Boyle is

extended as $240.39; it should be $240.37, a raise of 2 cents. On page 3 the balance of the Cambridge Ice Company is extended as $1,708.84; it should be $8,708.84, a drop of $7,000. The balance of Andrew Carlson is extended as $36.59; it should be $1,036.79, a drop of $1,000. The balance of E. A. Carney is extended as $949.03; it should be $1,949.03, a drop of $1,000. The balance of George E. Carter, Trustee, is extended as $894.56; it should be $1,894.56, a drop of $1,000. The balance of M. A. Carpenter, Special, is extended as $9.94; it should be $2,909.94, a drop of $2,900. The balance of Thomas Charak is extended as $641.32; it should be $1,641.32, a drop of $1,000. The balance of Chipman Brothers is extended as $36.94; it should be $136.94, a drop of $100. The footings on that page are extended as $19,301.36; they should be $33,301.36, a difference of $14,000. On page 4 the balance of Edward R. Cogswell is extended as $71.42; it should be $1,071.42, a drop of $1,000. The balance of George F. Crowell is extended as $116.69; it should be $2,116.69, a drop of $2,000. The balance of H. Cunningham, Executrix, is extended as $336.28; it should be $736.28, a drop of $400. The balance of Josephine C. Cunningham is extended as $817.20; it should be $3,817.20, a drop of $3,000. The balance of Laura L. Davis is extended as $77.50; it should be $277.50, a drop of $200. The balance of Ella M. Dickson is extended as $93.85; it should be $993.85, a drop of $900. The balance of George Davis, Treasurer, is extended as $59.56; it should be $959.56, a drop of $900. The footings are extended on that page as $32,327.76; should be $21,327.76, a difference of $11,000. On page 5 the balance of Harry F. R. Dolan is extended as $300.48; should be $950.78, a difference of $650.30. The balance of D. W. Ensign is extended as $917.82; should be $1,917.82, a drop of $1,000. The balance of J. Frank Facey is extended as $184.81; should be $1,184.81, a drop of $1,000. The balance of Austin Ford & Sons Company is extended as $632.95; should be $1,632.95, a drop of $1,000. The footings on that page are extended as $27,608.06; they should be $7,658.-36, a difference of $19,949.70. On page 6 the balance of I. W. Gillespie is extended as $69.16; should be $769.16, a drop of

$700. The balance of Lida M. Gould is extended as $56.38; it should be $556.38, a drop of $500. The balance of Nancy R. Gould is extended as $68.08; it should be $668.08, a drop of $600. The balance of Ella F. Graves is extended as $29.75; it should be $629.75, a drop of $600. The balance of Horace J. Gray is extended as $88.05; it should be $688.05, a drop of $600. The balance of Richard Hapgood is extended as $71.06; it should be $1,071.06, a drop of $1,000. On page 7 the balance of the Hospital Aid —

*Q.* 705. How about the footings on that page? *A.* It does not say anything about them here. I guess they were all right. On page 7 the Hospital Aid Society balance is extended as $626.98; it should be $5,626.98, a drop of $5,000. There is also a check charged to the Hospital Aid Society, counter check, marked with a line under it, for $1,000, that does not appear on the general ledger. There is also a check of $3,000 charged to The Holy Ghost Hospital, which has been testified to as a false check, and that increases the shortage $3,000.

*Q.* 706. $3,000? *A.* Yes, sir. On page 8 the balance of J. F. Lane, Executor, is extended as $348.12; it should be $1,348.12, a drop of $1,000. On page 9 the balance of W. J. McCoy is extended as $451.84; it should be $3,451.84, a drop of $3,000. The balance of H. E. McGoldrich & Sons Company, Inc., is extended as $2,460.-39; it should be $6,460.39, a drop of $4,000. The balance of the N. E. A. A. U. is extended as $245.60; it should be $1,245.60, a drop of $1,000. The balance of W. H. D. Meier of $1,000 is not extended. The balance of John F. Moran is extended as $130.96; it should be $139.36, a difference of $8.40. That is a drop. On page 10 the balance of G. A. A. Pevey is extended as $653.37; it should be $1,653.37, a drop of $1,000. The balance of G. A. A. Pevey, Trustee A. A. Prescott, is extended as $3.40; it should be $1,003.40; and I have noted that in this case no attempt was made to conceal the alteration in account of G. A. A. Pevey, Trustee A. A. Prescott, as original amount is $1,603.40, and the figure "1" is simply scratched out, leaving simply "003.40". In the account of G. A. A. Pevey, Trustee M. R. Story, the balance is

extended as $371.69; it should be $2,371.69, a difference of $2,000. G. A. A. Pevey, Attorney, is extended as $131.57; it should be $1,131.57, a drop of $1,000. G. A. A. Pevey, Administrator Estate of Edna P. Marshall, is extended as $40.29; it should be $1,040.29, a drop of $1,000. The balance of Nellie May Preston is extended as $20.16; it should be $2,520.16, a drop of $2,500. The balance of the Prudential Insurance Company is extended as $2,451.25; it should be $4,451.25, a drop of $2.000. And the footings are extended as $11,541.14; they should be $22,041.14, a difference of $10,500. On page 11 the balance of Lucy J. Russell is extended as $440.35; it should be $1,440.35, a drop of $1,000. The balance of James Robinson is extended as $81; it should be $1,081, a drop of $1,000. On page 12 the balance of Charles H. Smith is extended as $133.02; it should be $3,133.02, a drop of $3,000. The balance of Martha C. Smith is extended as $992.65; it should be $2,992.65, a drop of $2,000. On page 13 the footings are extended as $9,655.66; they should be $11,465.66, a difference of $1,800. On page 14 the balance of E. E. Wetherbee is extended as $26.12; it should be $726.12, a drop of $700. The balance of Roswell Wetherbee is extended as $56.27; it should be $656.27, a drop of $600. The balance of Eliza Wilkins is extended as $13; it should be $713, a drop of $700. The balance of Eliza A. Wright is extended as $300.42; it should be extended as $285, a difference of $15.42. That is a raise. I also discovered that on that day there is a deposit on the general ledger of $10,000 which does not appear to the credit of any individual account.

The MASTER. Doesn't the general ledger show who deposited it?

The WITNESS. No, sir.

Mr. NAY. No; the general ledger simply has the list of the deposits. That is, there is no $10,000 deposit to any depositor on that day?

The WITNESS. No, sir.

*Q.* 707. Does that indicate any fresh taking? *A.* No, sir; I should say not.

*Q.* 708. Have you finished this day? *A.* No. The difference in the balance columns on page 2 is $2,600.02 —

Mr. NAY. Coleman testified that that $10,000 was Dresser's.

The WITNESS. On page 7, $2,701. Page 8, $7,494.04. Page 9, $6,358.40. Page 13, $4,000. On page 1 the total of the balance column appears on the ledger as $8,297.45; it should be $10,043.06. On page 2 — I have given you that difference?

*Q.* 709. Yes. *A.* On page 5 — that has been given. On page 7 the total of the balance column appears on the ledger as $9,600.-04; it should be $13,344.14. Page 11, the balance appearing on the ledger is $8,353.86; it should be $20,082.78. On page 12 it appears on the ledger as $12,992.78; it should be $68,092.78. I think that is all.

*Q.* 710. That is, if I understand you, then, there were two items on that day which increased the shortage, one of $50 and one of $3,000? *A.* Yes, sir.

Mr. NAY. He has testified that when the bank examiner came, four or five days later, he dashed back and made these particular changes. These were all made on that particular day, probably.

*Q.* 711. Now take November 30th. *A.* On November 30th, page 1, the total of the deposit column is $842.20; it appears on the ledger as $642.20, a difference of $200, which increases the shortage that much. On page 5 the total of the check columnis $677.24; it appears on the ledger as $577.24, a difference of $100 — too little.

*Q.* 712. Does that indicate a restoration? *A.* Only in a book-keeping sense. On page 6 the total of the deposit column is $7,613.36; it appears on the ledger as $7,596.49, a difference of $16.87. The total of the check column is $7,487.06; and it appears on the ledger as $470.19, a difference of $7,016.87. The checks are too little. The footing of the checks is less than what it should be according to the figures. I find that on the account of the G. W. Gale Lumber Company there are three checks charged as follows: $14.54, $13.50, $10.08, a total of $38.12; extended to the total check column as $7,038.12. On page 1 the balance of Mabel L. Averill is extended as $19; it should be $119, a drop of $100. I will also say, in connection with that difference in the deposit column on page 1 of $200, that there is a deposit credited to the account of F. A. Andrews Company of $200 that day, not

included in the total of the column. On the account of L. J. Bennett, Trustee (or Treasurer), the balance is extended as $747.85; it should be $753.85, a drop of $6. On page 2 a difference of 2 cents in the account of John W. Boyle of the previous day is corrected. On page 4 the balance of G. W. Coleman is extended as $344.32; it should be $44.32, a raise of $300, and an increase in the shortage. On page 5 the balance of Harry F. R. Dolan is extended as $814.54; it should be $164.24, a raise of $650.30, which offsets a drop of that amount on the previous day. The balance of Edwin Dresser is extended as $39,068.31; it should be $19,068.31, a raise of $20,000. The balance of J. Frank Facey is extended as $596.41; it should be $396.41, a raise of $200. The footings are extended as $27,309.84; should be $27,309.82. On page 6 the balance of the Grace M. E. Church is extended as $83.-44; it should be $83.34. The footings on that page are extended as $10,322.03; should be $17,322.03, a difference of $7,000. On page 7 the balance of C. L. Holt is extended as $138.80; it should be $38.80, a raise of $100. On page 8 the balance of Mary E. Kern is extended as $452.08; it should be $902.08, a drop of $450. The balance of the Kissel Kar Company is extended as $1,493.21; it should be $493.21, a raise of $1,000, and an increase in the shortage. The balance of Joseph S. Lockhart, Guardian, is extended as $1,019.01; should be $19.01, a raise of $1,000. The balance of Horace Litchfield, Treasurer, is extended as $131.38; it should be $331.38, a drop of $200. And on that page, over the account of F. A. Kennedy, over F. A. Kennedy's balance, appears in pencil $12,386.23. On page 9 the balance of Charles P. Orne, Administrator, is extended as $10.43; it should be $510.43, a drop of $500. On page 12 the balance of B. L. Sparrow, Administrator, is extended as $274.35; it should be $374.35, a drop of $100. The balance of the Standard Action Company is extended as $968.-14; it should be $968.04, a raise of 10 cents. And the balance of M. Simmons is extended as $390.57; it should be $390.67, a drop of 10 cents. Page 13, the balance of Abigail C. R. Stubbs is extended as $910.76; should be overdrawn $89.24, a raise of $1,000. There is a difference in the total checks that day of $100. There is

a check charged to the account of Fritz Fernow of $101.87. There is no such check on the general ledger, but there is one there of $1.87, accounting for the difference of $100.

*Q.* 713. Well, does that make a fresh item, do you think,—a fresh shortage? *A.* I think that is a concealment.

*Q.* 714. Have you given the column additions? *A.* No, sir. The difference in the balance columns on page 1 is $95.65; on page 2, $112.58; on page 4, $300; on page 5, $20,950.28; on page 6, $90.10; on page 7, $1,143.10; on page 8, $3,702.10; on page 13, $5,000; on page 14, $44.65.

*Q.* 715. So on that day there were three items that increased the shortage,—one of $200, one of $300, and one of $1,000, making $1,500? *A.* Yes, sir.

*Q.* 716. Now, what do you make the increase in the shortage for the month of November, Mr. Fraser? *A.* $51,847.

*Q.* 717. And what, then, was the total shortage, so far as you have been able to ascertain it, on November 30th, at the close of business? *A.* $232,317.08.

*Q.* 718. Now, let us see what he did in December. *A.* On December 1st, page 6, there is a difference in both the check and deposit columns of $1,490.80. One offsets the other. On page 12 the total of the deposit column is $9,560.27; it appears on the ledger as $9,460.27, a difference of $100, increasing the shortage that much. On page 14 the balance of D. O. Waldron & Son is extended as $199.76; it should be $192.76, a raise of $7.

*Q.* 719. How are the additions there? *A.* The balances were not extended on that day. On December 2d, page 2, the balance of Henry T. Burrage, $54.94, is not extended. The differences in the balance columns are: Page 1, $95.65. Page 2, $57.64. Page 4, $300. Page 5, $20,950.28. Page 6, $90.10. Page 7, $1,143.10. Page 8, $3,702.10. Page 12, $100. Page 13, $5,007. Page 14, $44.65.

*Q.* 720. That is, those are the amounts that the additions differ from correct additions? *A.* Yes, sir.

*Q.* 721. And how many pages were wrong? *A.* Ten. On December 3d, page 2, the total of the deposit column is $508.18; it ap-

pears on the ledger as $483.18, a difference of $25. The total of the check column is $702.47; it appears on the ledger as $649.97, a difference of $52.50. And the balance of F. E. Burrage is extended as $634; it should be $606, a difference of $27.50, which is the difference between the difference in the deposit column and the difference in the check column.

*Q.* 722. Does that indicate any fresh shortage? *A.* I should say not. On page 6 the balance of the G. W. Gale Lumber Company is extended as $3,676.18; it should be overdrawn $3,323.82, a raise of $7,000. Then on page 13 the deposit column adds $1,033.35; it appears on the ledger as $935.77, a difference of $97.58. There is a credit to Henry Thayer & Company of $97.58. There was an increase in the shortage that day, on that account, of $97.58. On December 4th, page 5, the balance of Austin Ford & Sons Company is extended as $689.48; it should be overdrawn $110.52, a raise of $800. On page 8 the balance of the Kissel Kar Company is extended as $969.01; it should be $769.01, a raise of $200, and an increase in the shortage. On page 9 the balance of Charles P. Orne, Administrator, is extended as $490.43; it should be overdrawn $9.57, a raise of $500. On page 12 the balance of the Standard Action Company is extended as $19,741.60; it should be overdrawn $258.40, a raise of $20,000. I think I omitted to include $7 on the first day of December on the account of D. O. Waldron & Son. That is an increase in the shortage.

*Q.* 723. One item of $7? *A.* Yes, sir. The balance was raised $7 without a previous drop. On December 6th, page 5, the total of the check column is $340; it appears on the ledger as $3,840, a difference of $3,500, and an increase in the shortage of that amount. On page 7 the balance of the Hospital Aid Society is extended as $3,626.98; it should be overdrawn $2,373.02, a raise of $6,000. The differences in the balance columns are: Page 1, $95.65. Page 2, $111.58. Page 3, $1. Page 4, $300. Page 5, $25,250.28. Page 6, $7,090.10. Page 7, $7,143.10. Page 8, $3,902.11. Page 9, $500. Page 12, $20,100. Page 13, $5,104.58. Page 14, $44.65.

*Q.* 724. How many out of the fourteen pages had wrong addi-

tions on that day? *A.* Twelve. December 7th, on page 8, the total of the deposit column is $1,157.71; it appears on the ledger as $957.71, a difference of $200, and an increase in the shortage of that amount. On page 2 the balance of Edward O. Boyle is extended as $339.29; it should be overdrawn $60.71, a raise of $400. On page 3 the balance of the Cambridge Ice Company is extended as $9,218.98; it should be $1,218.98, a raise of $8,000. On page 4 the balance of Edward R. Cogswell is extended as $1,254.21; it should be $354.21, a raise of $900. On page 6 the balance of George W. Gale, formerly G. W. Gale, Agent, is extended as $10,071; it should be $71, an increase of $10,000. On page 7 the balance of C. L. Holt is extended as $685.71; it should be overdrawn $14.29, a raise of $700. On page 8, the balance of F. A. Kennedy is extended as $11,071.83; it should be $71.83, a raise of $11,000. Mr. Kennedy's account up to that time, according to my examination, was only $9,000 short, which increased his balance $2,000 more than it had been decreased, and increased the shortage that much. The balance of J. F. Lane, Executor, is extended as $990.14; it should be overdrawn $9.86, a raise of $1,000. The balance of Eugene R. Luke is extended as $1,408.90; it should be $408.90, a raise of $1,000. On page 10, the balance of G. A. A. Pevey is extended as $1,145.01; it should be $145.01, a raise of $1,000. The balance of G. A. A. Pevey, Trustee for Prescott, is extended as $1,003.40; it should be $3.40, a raise of $1,000. On page 14 the balance of Eliza Wilkins is extended as $123; it should be $23, a raise of $100. The differences in the balance columns are: On page 1, $95.65. Page 2, $511.54. Page 3, $8,001. Page 4, $1,200. Page 5, $25,250.28. Page 6, $18,090.10. Page 7, $7,843.10. Page 8, $17,102.11. Page 9, $500. Page 10, $2,000. Page 12, $20,100. Page 13, $5,104.58. Page 14, $144.65.

*Q.* 725. Thirteen out of fourteen? *A.* Thirteen pages wrong; yes, sir. On December 8th, page 7, the balance of C. L. Holt is extended as $750.71; it should be $650.71, a raise of $100, which is corrected on the next day. On December 9th, page 5, the total of the check column is $1,021.35; it appears on the ledger as $4,-

521.35, a difference of $3,500, and an increase in the shortage of that much. On page 8 the total of the deposit column is $1,003.03, and it appears on the ledger as $603.03, a difference of $400 and a like increase in the shortage. There is a credit to the Kissel Kar Company that day of $442.10. There is no such credit on the general ledger, but there is one of $42.10, a difference of $400. Also on page 7 the balance of C. L. Holt is dropped $100, which offsets the raise of the previous day. On December 10th there is nothing. On December 11th, page 1, the total of the deposit column is $475; it appears on the ledger as $275, a difference of $200. And there is a deposit to the credit of F. A. Andrews Company, $200, not on the general ledger, increasing the shortage by that amount.

*Q.* 726. $200? *A.* Yes, sir. On page 5 the balance of Joseph M. Dolan is extended as $33.76; it should be $36.76, a difference of $3. On page 9 the footings are extended as $12,536.90; should be $11,536.90, a difference of $1,000. On December 13th, page 5, the total of the check column is $1,283.97; it appears on the ledger as $5,283.97, a difference of $4,000, and an increase in the shortage of that much.

*Q.* 727. $4,000? *A.* Yes. On page 8 there is a difference in both the check and deposit columns of $107, one offsetting the other. On page 9 the total of the deposit column is $486.01; it appears on the ledger as $446.01, a difference of $40. And there is a credit on that page to the account of John Minon, marked with a double cross, $40.

*Q.* 728. An increase? *A.* Yes.

*Q.* 729. $40? *A.* Yes. On page 7 the balance of J. A. Holmes & Company is extended as $41.49; it should be $158.51 overdrawn, a difference of $200. That is a raise of $200. The balance of C. L. Holt is extended as $642.88; it should be $442.88, a raise of $200. On page 8 the balance of the Kissel Kar Company is extended as $887.26; it should be overdrawn $112.74, a raise of $1,000, and an increase of that amount in the shortage. The balance of E. W. Kimball is extended as $24.88; it should be $22.88, a raise of $2, an increase in the shortage of $2. On line No. 10 of page 8 there

appears a balance of $75.12. No such balance appears on the previous day nor on the following day. On page 12 the balance of V. R. Stillwell is extended as $957.39; it should be overdrawn $42.61, a raise of $1,000. On page 14 the balance of Eliza Wilkins is extended as $677.75; it should be $77.75, a raise of $600. The differences in the balance columns are: On page 1, $295.65. Page 2, $511.54. Page 3, $8,001. Page 4, $1,200. Page 5, $32,747.28. Page 6, $18,090.10. Page 7, $8,243.10. Page 8, $18,579.23. Page 9, $460. Page 10, $2,000. Page 12, $21,100. Page 13, $5,104.58. Page 14, $744.65. And on pages 1, 2, 10, 11, 12, 13 and 14 the footings are not extended.

*Q.* 730. So on December 13th there were four items of fresh shortage,—$400, $40, $1,000 and $2; that is right, is it? *A.* Yes.

*Q.* 731. All right. Now the 14th. *A.* On December 14th, page 6, the total of the deposit column is $5,494.20; it appears on the ledger as $5,344.20, a difference of $150, an increase in the shortage of that amount. On page 1 the balance of David A. Barber is extended as $2,947.99; it should be $947.99, a raise of $2,000. On page 2 the balance of A. F. Blakeslee is extended as $706.32; it should be $206.32, a raise of $500. The balance of the Brookford Coal Company is extended as $611.55; it should be $211.55, a raise of $400. The balance of Howard B. Burlingame is extended as $795.65; it should be $796.65, a drop of $1. On page 4 the balance of Ella M. Dickson is extended as $993.85; it should be $93.85, a raise of $900. Page 5 the balance of Emma L. Dustin is extended as $41.72; it should be overdrawn $8.28, a raise of $50. The balance of Fritz Fernow is extended as $118.18; it should be $18.18, a raise of $100. On page 10 the balance of C. L. Holt is extended as $317.69; it should be $517.69, a drop of $200. On page 8 the balance of J. E. Kimball is extended as $3,344.64; it should be $344.64, a raise of $3,000. The balance of Horace Litchfield, Treasurer (or Trustee), is extended as $331.38; it should be $131.38, a raise of $200. On page 11 the balance of Patrick H. Riley is extended as $315.03; it should be $215.03, a raise of $100. The differences in the balance columns are: On page 1, $2,295.65. Page 2, $1,410.54. Page 3, $8,001. Page

4, $2,100. Page 5, $32,897.28. Page 6, $18,240.10. Page 7, $8,043.10. Page 8, $21,704.11. Page 9, $460. Page 10, $2,000. Page 11, $100. Page 12, $21,100. Page 13, $5,104.58. Page 14, $744.65.

*Q.* 732. Are all those added? *A.* The footings are not extended on any of the fourteen pages that day, although the balances are all extended.

*Q.* 733. The increase in the shortage that day was just $150? *A.* $150.

*Q.* 734. Now the 15th. *A.* On the 15th, page 5, the total of the check column is $2,346.34; it appears on the ledger as $6,346.-34, a difference of $4,000, and an increase of that amount. On December 16th, page 5, the total of the check column is $6,206.26; it appears on the ledger as $10,206.26, a difference of $4,000, and an increase in the shortage of that amount. On December 17th, page 5, the total of the check column is $2,682.59; it appears on the ledger as $5,982.59, a difference of $3,300, and an increase of that amount. On December 18th, page 2, the balance of A. I. Bicknell is extended as $1,108.13; it should be $108.13, a raise of $1,000. December 20th, page 5, the total of the check column is $1,837.11; it appears on the ledger as $4,837.11, a difference of $3,000, an increase of that amount. Page 2 the balance of H. B. Burlingame is extended as $650.83; it should be $650.93, a drop of 10 cents. On page 12, the balance of Charles H. Smith is extended as $8.19; it should be overdrawn $41.81, a raise of $50. On page 13 the balance of F. C. Stratton, Special, is extended as $169.04; it should be $159.04, a raise of $10. On the 14th page the balance of Esther B. Witham is extended as $322.69; it should be $322.36, a raise of 33 cents. The differences in the balance columns are: Page 1, $2,295.65. Page 2, $2,410.44. Page 3, $8,001. Page 4, $2,100. Page 5, $47,197.28. Page 6, $18,-240.10. Page 7, $8,043.10. Page 8, $21,704.11. Page 9, $460. Page 10, $2,000. Page 11, $100. Page 12, $21,150. Page 13, $5,114.58. Page 14, $744.98. And the footings were not extended on any of the fourteen pages.

*Q.* 735. Does that finish that date? *A.* Yes, sir.

*Q.* 736. That is, on that date, then, the only fresh taking was $3,000? *A.* $3,000.

*Q.* 737. I want you to explain, so that the master can understand, definitely, what you mean, in matters of addition,— for example, I will turn here, under date of November 23,— here is the column headed Tuesday's balance, and there appear figures in pencil at the bottom, an addition of the figures in that column. Now, when you say that that addition varies from the true addition, just what do you mean? *A.* I say that the difference in the balance column is so much, and I mean that the difference between the total as put down as the total of that column and the actual total of the column is that amount.

*Q.* 738. In other words, it is simply a sum in addition? *A.* That is all.

*Q.* 739. Your result is a certain amount, and Coleman's is a certain amount, and you have the assurance to say that your result is right? *A.* Yes, sir.

Mr. MORSE. I want to call the master's attention — of course he has seen it a good many times before — to the fact that there is the footing that he has to take [*pointing on the book*].

The MASTER. Yes. It is in pencil.

Mr. MORSE. In pencil.

Mr. NAY. Some are not, but the great majority of them are in pencil.

Mr. MORSE. What is the error there, Mr. Fraser, in that particular column? If you can tell without difficulty, I wish you would.

The WITNESS. About $18,000. The addition of the column is twenty-three thousand and odd, and the amount down there is $5,308.97.

*Q.* 740. Take the other instances where you speak of the additions being wrong, and where the balances are not extended, but where you are proceeding from the previous day, using the extensions; will you explain just what you mean by that, and how you arrive at it in any given case, when you say that the figures are incorrect? Take December 20th — I think that you have just been testifying to that. *A.* In that case I take the last extension that

shows on the book, and for each succeeding day add to that the total of the deposit columns, and deduct from it the total of the check columns, which shows what the extension would be had it been extended according to the figures on the book.

*Q.* 741. Right there, and if there are deposits which you conclude were fictitious, or checks which you conclude were never drawn, you still take those in, in doing your figuring, do you not? *A.* I don't take any account of them. I simply take his totals as they appear on the book for the deposit and check columns.

*Q.* 742. Then in all cases the check columns and the deposit columns are footed, are they? *A.* Oh, yes. The deposit columns are footed, and I take the footings of them, and add the deposits and deduct the checks to and from the last extension that is shown, giving me what the extension would be had they been carried out; then I compare that extension with the actual addition of the column, and tell you what the difference is.

*Q.* 743. In doing it that way, do you take account of all the entries as they appear in the deposit columns and the check columns? *A.* Yes, sir.

*Q.* 744. And without regard to the character of those entries, or what you think about them? *A.* Yes, sir.

Mr. BUNKER. Then, as I understand it, Mr. Fraser, in getting the footings for the balance column on December 20th, to which you have just testified, for comparison with the footings of the column made by yourself, you took the balances of December 7th —the footing of the balance column on December 7th, added to that the total deposits as shown by the footings at the foot of the deposit column, the footings being in Coleman's figures at the foot of the deposit column, for December 8th, 9th, 10th, 11th, 13th, 14th, 15th, 16th, 17th, 18th and 20th, and from this total you subtracted the total of the footings of the total check column, as shown on the books in Coleman's figures for the same dates, the difference being the footings of the balance column for December 20th as they would have been if they had been found from the actual footings of the various columns on the ledger, and in doing this you paid no

attention to any figures on the book, other than the footings of the columns?

The WITNESS. That is right.

*Q.* 745. Now proceed with the next day, which I think is December 21st. *A.* December 21st, page 2, the balance of Bryant & Company was extended as $753.63; it should be $53.63, a raise of $700. On page 12 the balance of the Standard Diary Company is extended as $39,902.93; it should be $9,902.93, a raise of $30,000. The differences in the balance columns are: Page 1, $2,295.65. Page 2, $3,110.44. Page 3, $8,001. Page 4, $2,100. Page 5, $17,197.28. Page 6, $18,240.10. Page 7, $8,043.10. Page 8, $21,704.11. Page 9, $460. Page 10, $2,000. Page 11, $100. Page 12, $51,150. Page 13, $5,114.58. Page 14, $744.98. The footings were not extended on any of the fourteen pages. On December 22d, page 5, the total of the check column is $881.48; it appears on the ledger as $3,881.48, a difference of $3,000, and an increase in the shortage of that amount. On page 3 there is a check charged to the Cambridge Savings Bank of $27.88, but there is no balance shown on that account, either before or after this date, which would increase the shortage by that amount, — a check charged and no balance to charge it to. On page 8 the balance of the Kissel Kar Company is extended as $2,735.10; it should be $2,735, a raise of 10 cents, an increase in the shortage. On page 12 the balance of the Standard Diary Company is extended as $38,859.56; it should be $39,859.56, a drop of $1,000. On page 13 the balance of S. Weiner is extended as $14.01; it should be $13.99, a difference of 2 cents. On December 23d, on page 4, the total of the deposit column is $2,126.48; it appears on the ledger as $1,981.48, a difference of $145. On page 2 the balance of Bockman & Oxner is extended as $135.02; it should be $135.05, a drop of 3 cents, On page 3 the balance of Thomas Charak is extended as $764.85; it should be overdrawn $235.15, a raise of $1,000. On page 7 the balance of J. A. Holmes & Company is extended as $57.12; it should be overdrawn $242.88, a raise of $300. That increases the shortage $300. On December 24th, page 4, the total of the check column is $1,579.46; it appears on the ledger as $3,379.46, a difference of

$1,800, and an increase of that amount. There is a deposit to the credit of G. W. Coleman on the day previous of $1,800. On page 5 the balance of Austin Ford & Sons Company is $899.79; it should be $1,899.79, and is corrected on the 27th. Page 8, the balance of H. E. Lombard is extended as $38.04; it should be $37.04, a raise of $1. On December 27th, page 4, the total of the check column is $966.01; it appears on the ledger as $4,466.01, a difference of $3,500, and an increase in the shortage. Page 5, the balance of Austin Ford & Sons Company is extended as $760.11; it should be overdrawn $239.89, a raise of $1,000, which offsets the drop of that amount on the 24th. On December 28th, page 4, the balance of E. R. Cogswell is extended as $901.32; it should be $801.32, a raise of $100, which is interlined. On page 6 the balance of Ella E. Graves is extended as $629.75; it should be $29.75, a raise of $600—

Mr. BUNKER. You said there "which is interlined"?

The WITNESS. Yes; there is $100 interlined, put in over the balance. On page 9 the balance of W. H. E. Meier is extended as $1,000; no balance appeared on the previous day; that was one of the accounts that was dropped on November 29th that amount. The same page, W. J. McCoy, balance extended as $3,326.84; it should be $326.84, a raise of $3,000. On page 10 the balance of G. A. A. Pevey, Attorney, is extended as $1,001.57; it should be $1.57, a raise of $1,000. The balance of Pevey, Trustee M. R. Story, is extended as $2,286.69; it should be $286.69, a raise of $2,000. The balance of the Prudential Insurance Company is extended as $3,623.38; it should be $1,623.38, a raise of $2,000. The differences in the balance columns are: Page 1, $2,295.65. Page 2, $3,110.41. Page 3, $9,028.88. Page 4, $7,645. Page 5, $50,197.28. Page 6, $18,840.10. Page 7, $8,343.10. Page 8, $21,705.21. Page 9, $3,540. Page 10, $7,000. Page 11, $100. Page 12, $50,150. Page 13, $5,114.60. Page 14, $744.98. The footings on none of the fourteen pages were extended.

Mr. MORSE. Well, what have you been reading?

The WITNESS. The difference between the true addition of the balance column and the addition that would appear had the foot-

ings been extended, according to the other figures that are given on the book.

*Q.* 746. There was no fresh shortage on that day, I understand? *A.* I don't think so; no, sir.

*Q.* 747. How long since —

Mr. MORSE. They are not actual errors upon the book, then, but they are the results —

The WITNESS. They are not actual errors, simply because the total of the balance column is not shown on the book.

Mr. MORSE. Exactly. That is to say, those errors do not appear, except as the result of the computations which you have made.

The WITNESS. No, sir.

*Q.* 748. How long since the balance columns have been footed? Will your notes here show? *A.* Oh, yes. He began back in November to omit the extension of certain pages, but we traced back, I think, to the 1st of December where they were all omitted.

Mr. NAY. I won't stop on that now.

The WITNESS. On December 29th, page 5, the total of the check column is $70.80; it appears on the ledger as $3,070.80, a difference of $3,000, and an increase of that amount.

*Q.* 749. In the shortage? *A.* Yes, sir. December 30th, page 6, the total of the deposit column is $2,776.49; it appears on the ledger as $2,276.49, a difference of $500, and an increase in the shortage. There appears on that page a credit to E. J. Hall of $500. On page 11 the balance of E. Schwartz is extended as $97.43; it should be $73.43, a raise of $24, and an increase of that amount. This was a case where there was a check charged to that account, and instead of deducting it from the balance it was added to the balance, making the difference twice the amount of the check. On December 31st there was a difference on page 2 in both the check and deposit columns of $200.50. One offsets the other. On page 3 the total of the check column is $402.63; it appears on the ledger as $3,402.63, a difference of $3,000, and an increase of that amount in the shortage. On page 5 there is a difference in both the check and deposit columns of $90.88, one offsetting the other. On page 2 the balance of H. B. Burlingame is extended as $543.57;

it should be $542.47, a raise of $1.10, not affecting the shortage. On page 4 the balance of William Caulson is extended as $47.47; it should be $47.46, a raise of 1 cent. On page 8 the balance of H. E. Lombard is extended as $30.50; it should be $31.50, a drop of $1. That offsets a similar error on the 24th; that is, a raise on the 24th. On page 10 the balance of G. A. A. Pevey, Trustee for M. R. Storey, is extended as $206.69; it should be $2,206.69, a drop of $2,000. On page 13 the balance of Henry Thayer & Company is extended as $3,412.40; it should $2,649.87, a difference of $762.53, a raise, which increases the shortage that much.

*Q.* 750. What, then, do you make the increase in the shortage for that month of December? *A.* $45,956.44.

Mr. NAY. Making the total shortage on December 31st, 1909—

The WITNESS. $278,273.52. January 1st, 1910, on page 7, there is a difference in both the check and deposit columns of $56.16, one offsetting the other. On page 10 there is a difference in both the check and deposit columns of $25, one offsetting the other. On page 2 the balance of Herbert W. Bowler is extended as $217.13; it should be $17.13, a raise of $200, an increase in the shortage of that amount. On January 3d, page 10, the balance of Plummer, Bent & Company, $112, is not extended. The differences in the balance columns are: Page 1, $2,295.65. Page 2, $3,311.51. Page 3, $12,028.88. Page 4, $7,645.01. Page 5, $53,197.28. Page 6, $19,340.10. Page 7, $8,343.10. Page 8, $21,704.21. Page 9, $3,540. Page 10, $4,888. Page 11, $124. Page 12, $50,150. Page 13, $5,877.13. Page 14, $744.98. The footings were not extended on any of the fourteen pages. On January 4th, page 5, the total of the check column is $1,251.93; it appears on the ledger as $4,251.93, a difference of $3,000, and an increase in the shortage of that amount. On page 11 the balance of Minnie D. Seaverns is extended as $1,548.07; it should be $3.07, a raise of $1,545. On page 13 the balance of Lucy J. Verity is extended as $2,428; it should be $24.28, a raise of $2,403.72, which is corrected on the 11th. The differences in the balance columns are: Page 1, $2,295.65. Page 2, $3,311.51. Page 3, $12,028.88. Page 4, $7,645.01. Page 5, $56,197.28. Page 6, $19,340.10. Page 7, $8,343.10. Page 8,

$21,704.21. Page 9, $3,540. Page 10, $4,888. Page 11, $1,669. Page 12, $50,150. Page 13, $8,280.85. Page 14, $744.98. The footings are not extended on any of the pages. On January 5th, page 5, the total of the check column is $327.49; it appears on the ledger as $3,327.49, a difference of $3,000, and an increase in the shortage of that amount. On page 7 there is a difference in both the check and deposit columns of $37.50, one offsetting the other.

Mr. MORSE. You gave the list of figures, which, as I understand you, are the differences between what the footings should have been if extended and the actual footings?

The WITNESS. Yes, sir.

Mr. MORSE. Do you mean that that amount affects the result? Does it bear one way or the other on the question of the amount of the stealings?

The WITNESS. It does not affect the amount of the stealings, but it lessens the chances of detection, because if a footing is put down, and it is a wrong footing, there is a possibility of its being detected. If it is not put down, there is not that possibility.

Mr. MORSE. That is to say, by omitting to make the footings on these balance columns, the difficulty of detecting the fraud is increased.

The WITNESS. The difficulty is increased, yes; but the work of the bookkeeper is shown to be very slack, and it was not corrected, it was allowed to go on, allowed to be carried along in that way.

Mr. MORSE. That is another question. It is more difficult to find an error?

The WITNESS. Oh, yes, it is more difficult to find an error, if there is no total there to compare with, than it would be if there was a total there.

Mr. MORSE. And each one of these footings is the result of considerable work on your part?

The WITNESS. On, no; merely the work of adding a column, that is all.

Mr. MORSE. I know, but you do have to add and then to subtract?

The WITNESS. Yes, I have had to compute the extension.

Mr. MORSE. And I take it that you have been over it more than once to verify your computations, to be sure that you are right?

The WITNESS. Why, I am willing to say that my figures are right; yes.

Mr. MORSE. I am not questioning that, but I say, in order to satisfy yourself that they were right, you have had to go over them more than once, haven't you?

The WITNESS. Possibly in some cases I have, but not as a general thing. The way I did was, I carried the shortage along from one day to another, and made my results agree with the changes that took place that day as a proof.

Mr. MORSE. That is all.

The WITNESS. On page 3 the balance of George E. Carter, Trustee, is extended as $630.56; it should be overdrawn $364.44, a raise of $995. On January 6th, page 6, the balance of H. Ginsberg is extended as $890.95; it should be extended as $1,040.95, a drop of $150. On January 7th, page 1, the balance of Allison H. Berton is extended as $154.08; it should be $135.94; a raise of $18.14. There is a check charged of $9.07, which is added to the balance instead of being deducted, making a difference of twice that amount.

*Q.* 751. Is that in addition to the shortage? *A.* No; it is a case of poor bookkeeping, that is all, adding a check to his balance instead of deducting it. On page 4 the balance of George Davis, Treasurer, is extended as $529.35; it should be overdrawn $370.65, a raise of $900. I beg your pardon. I did not say, I think, that that Berton balance increased the shortage, but it does increase it, of course,— it is equal to a raise in his balance.

*Q.* 752. $18? *A.* $18.14. On January 8th, the balance on page 2 of Howard B. Burlingame, Trustee (or Treasurer), is extended as $16.23; it should be overdrawn $12.37, a raise of $28.60, increasing the shortage that much. January 10th, page 3, the balance of Ella M. Chamberlain, $15.68, is not extended, but is corrected on the 11th. On page 4, the balance of G. W. Coleman is not extended. It should show an overdraft of $10.30,— an increase in the shortage of that amount. There is a difference

between the clearing house checks as charged on the individual ledger, as compared with the amounts shown on the general ledger, of $3,000, and it increases the shortage that much.

Mr. MORSE. Well, now you are calling attention to something outside of Coleman's book?

The WITNESS. I am; yes; I am calling attention to the discrepancies between his book and Mr. Earl's book.

Mr. MORSE. You are now comparing the two books?

The WITNESS. Yes.

Mr. NAY. On this one item.

Mr. DEAN. But he has done it before.

Mr. NAY. Yes.

The WITNESS. But it is a case where he was $3,000 out of the way that day in his figures, and there was no error in his check columns on his ledger to show it, though the total of all of his checks for the day, for his fourteen pages, showed this difference as compared with the general ledger.

Mr. MORSE. Well, that is not an error that you detect from an examination of Coleman's book alone.

The WITNESS. This particular one is not; no, sir.

Mr. NAY. Why, pardon me. A discrepancy of $3,000 you do detect from his book alone.

Mr. MORSE. Now, who is testifying here?

Mr. NAY. Well, do you not? As I understood it, you do.

The WITNESS. No; I should say not in this case.

The MASTER. He has to go to the general ledger for it, I understood him to say.

The WITNESS. As I explained a minute ago, my method was to carry this shortage along, changing my figures from day to day, according to the differences of the particular day, and when I came to the close of this day I varied $3,000.

Mr. NAY. That was before you looked at Earl's book?

The WITNESS. Yes, sir. And in order to trace the $3,000 it was necessary to compare the two books.

Mr. NAY. Exactly. But from Coleman's depositors' ledger alone

it appeared that there was a discrepancy of $3,000, which you traced out by looking then at Earl's book?

Mr. MORSE. Well, does he say that?

Mr. NAY. Well, am I right on that?

The WITNESS. I think not; no, sir.

Mr. NAY. Well, give it to me once again.

The WITNESS. I say that in carrying the shortage along at the close of that day I found that there was a discrepancy of $3,000, and in order to —

Mr. NAY. A discrepancy in what?

The WITNESS. In the total shortage. But in order to detect that it was necessary to make a comparison between the total on Coleman's book and the total on the general ledger.

Mr. NAY. But in order to arrive at the $3,000 you had to look at Earl's book?

The WITNESS. Yes.

Mr. MORSE. That is what I understood before.

The WITNESS. That was necessary in carrying my shortage along, to make comparison.

Mr. PILLSBURY. So that when you say that there was a discrepancy, you mean a discrepancy between Coleman's book and Earl's book?

The WITNESS. Yes, sir.

Mr. NAY. Do you mean that you couldn't have discovered anything wrong on Coleman's ledger on that date if you had not had Earl's book available?

The WITNESS. I didn't say that. I do with regard to the $3,000.

Mr. NAY. Well, that is what I want to get at. Was there anything on Coleman's ledger on January 10th or previously by which you could have —

Mr. MORSE. Now you say "or previously".

Mr. NAY. Yes, or previously, on Coleman's book alone, which indicated to you anything in connection with this particular shortage of $3,000?

The WITNESS. There was not; no, sir.

Mr. NAY. But you had that book available, as the directors had?

The WITNESS. Yes, sir.

*Q.* 753. This is a case where Coleman got a check paid in the usual way, and it does not appear on his depositors' ledger in any form? *A.* It does not appear on his ledger. I don't know how he —

*Q.* 754. Well, in many instances you have shown us where the total check column was fraudulently increased by the amount of a check which came in and was cashed that day, that appeared in his total check column on that particular day? *A.* Yes, sir.

*Q.* 755. Now, in this case that you have just testified to his check came in, and was paid by Earl's check on the Shawmut Bank, but he did not make any entry whatever on his depositors' ledger,— Coleman didn't? *A.* No; he made no entry. It did not increase the total of his check column.

*Q.* 756. You have testified to a number of instances where that thing happened? *A.* That was a very frequent occurrence.

*Q.* 757. You have testified to a number of instances where checks were paid through the clearing house, and no record whatever of the transaction, fraudulent or otherwise, was put on the ledger? *A.* There have been some cases, perhaps half a dozen cases, of that sort.

*Q.* 758. Except in those cases, were you obliged to consult Earl's book as you went along? *A.* Only as a check on my figures, as a proof of my amount that I was carrying along, the shortage, that is all.

*Q.* 759. I meant the strength of my question to be in the words "were you obliged". *A.* Not to detect errors; I was not obliged to; no. I could do that by the individual ledger.

*Q.* 760. But in those cases you had to? *A.* Yes, sir.

*Q.* 761. Proceed. *A.* On January 10th the differences in the balance columns were: Page 1, $2,313.79. Page 2, $3,340.11. Page 3, $13,008.20. Page 4, $8,555.31. Page 5, $59,197.28. Page 6, $19,190.10. Page 7, $8,343.10. Page 8, $21,704.21. Page 9, $3,540. Page 10, $4,888. Page 11, $1,669. Page 12, $50,150. Page 13, $8,280.85. Page 14, $744.98. The footings

were not extended. January 11th, this was a case where he opened a new folio. Page 1, the balance of Olive A. Baker is extended as $61.09; it should be $61.01, a raise of 8 cents, an increase in the shortage. On page 2 the balance of A. I. Bicknell is extended as $425.86; it should be $1,425.86, a drop of $1,000. On page 3, the balance of the Cambridge Ice Company is extended as $6,662.-87; it should be $7,662.87, a drop of $1,000. The balance of Catherine E. Cotter, $75, is not extended. Page 4, the balance of G. W. Coleman, $10.30 overdrawn, is not extended. Page 6, the balance of Nancy R. Gould is extended as $308; it should be $3.08, a raise of $304.92. The balance of E. J. Hall is extended as $480.-63; it should be $408.63, a raise of $72, and an increase of that amount. Page 8, the balance of the Kissel Kar Company is extended as $1,111.53; it should be $111.53, a raise of $1,000, and an increase in the shortage. The balance of Bert Kelley, $0.99, is not extended. On page 9 the balance of J. C. McNanoway, $2.76, is not extended. On page 10 the balance of George A. Parmenter, $7.67, and the balance of the Parmenter Fender & W. G. Company, $9, are not extended. The balance of Plummer, Bent & Company of $112 is extended from no balance the previous day. That was a balance that was dropped previously, and had just been restored. The balance of Sarah B. Pierce, $3.25, was not extended. On page 11 the balance of Rush A. M. E. Zion Church, $1.12, is not extended. On page 12 the balance of V. R. Stillwell is extended as $1,199.99; it should be $199.99, a raise of $1,000. The balance of F. E. Slayton, $11.95, is not extended. Page 13, the balance of Lucy J. Verity is extended as $24.28; it should be $2,428, a drop of $2,403.72, which offsets a raise of that amount on the 4th. The balance of Katherine L. Sweeney of $500 is not extended. On page 14 the balance of Roswell Wetherbee is extended as $624.66; it should be $24.66, a raise of $600. The differences in the balance columns are: Page 1, $2,313.87. Page 2, $2,180.86. Page 3, $11,853.84. Page 4, $8,764.80. Page 5, $59,242.08. Page 6, $19,567.02. Page 7, $7,352.54. Page 8, $23,555.78. Page 9, $3,675.24. Page 10, $4,980.08. Page 11, $767.88. Page 12, $52,038.05. Page 13, $5,900.38. Page 14,

$821.73. The footings were not extended. On January 12th, page 4, the account of George W. Coleman is charged with a check of $25; no balance appears before or after; making an increase of $25 in the shortage. On page 12 the balance of Charles H. Smith is extended as $5,042.94; it should be $5,044.94, a drop of $2. On January 13th, page 5, there is a difference in both the check and deposit columns of $25, one offsetting the other. Also, on page 4, there is a check charged to G. W. Coleman of $25; no balance appears before or after, increasing the shortage $25. On January 14th, page 4, check charged to the account of G. W. Coleman, $20; no balance appearing before or after. There is a difference between the total of the clearing house checks, as shown by the individual ledger as compared with the general ledger on that day, of $3,000, and it increases the shortage to that extent. On January 15th, page 4, there is a check charged to G. W. Coleman, $100, increasing the shortage that much. On January 17th, page 4, the total of the check column is $502.46; it appears on the ledger as $4,502.46, a difference of $4,000. On page 10 the balance of Mary L. Parker is extended as —

*Q.* 762. Was that a fresh taking, that $4,000? *A.* That was; yes, sir. On page 10 the balance of Mary L. Parker is extended as $342.97; it should be $342.77, a raise of 20 cents, and an increase in the shortage. The differences in the balance columns are: Page 1, $2,313.87. Page 2, $2,180.86. Page 3, $11,853.84. Page 4, $12,934.80. Page 5, $59,242.08. Page 6, $19,567.02. Page 7, $7,352.54. Page 8, $23,555.78. Page 9, $3,675.24. Page 10, $4,980.28. Page 11, $767.88. Page 12, $52,036.05. Page 13, $5,900.38. Page 14, $821.73. The footings are not extended on any of the pages. January 18th, page 1, the balance of Edward A. Baker is extended as $1,266.47; it should be $266.47, a raise of $1,000. On page 4 there are checks charged to G. W. Coleman, $750 and $225, and a balance of $16.57 is extended, but no balance appears to his credit on the previous day, making an increase in the shortage of $991.57. Page 6 the balance of I. W. Gillespie is extended as $711.96; it should be $11.96, a raise of $700. The balance of Lida M. Gould is extended as $556.38; should be $56.38,

a raise of $500. The balance of Horace J. Gray is extended as $586.-25; it should be overdrawn $13.75, a raise of $600. On page 10 the balance of G. A. A. Pevey, Trustee for M. R. Story, is extended as $2,170.99; it should be $170.99, a raise of $2,000. The differences in the balance columns are: Page 1, $3,313.87. Page 2, $2,-180.86. Page 3, $11,853.84. Page 4, $13,926.37. Page 5, $59,-242.08. Page 6, $21,367.02. Page 7, $7,352.54. Page 8, $23,-555.78. Page 9, $3,675.24. Page 10, $6,980.28. Page 11, $767.-88. Page 12, $52,036.05. Page 13, $5,900.38. Page 14, $821.73. The footings are not extended on any of these pages. January 19th, page 6, the balance of Elias Harlow is extended as $65.36; it should be $75.36, a drop of $10. Page 8, the balance of Lucy O. Lockhart is extended as $3,629.06; it should be $3,529.06, a raise of $100, and an increase in the shortage of $100. Also on that day the total of the clearing house checks on the individual ledger as compared with the general ledger shows a discrepancy of $3,000, and an increase in the shortage of that amount. On January 20th, page 1, the balance of Frank A. Andrews Company is extended as $705.26; it should be overdrawn $705.26, or a rise of $1,410.52. That is an increase in the shortage of that amount. On page 4 there is a check charged to G. W. Coleman, $100 —

Mr. MORSE. How do you determine that that is an increase in the shortage, in that Andrews case?

The WITNESS. It is a raise in his balance without a previous drop. Mr. Andrews' balance should show an overdraft of $705.26; instead of that it shows a credit balance of that amount, which is equal to a raise in the balance of twice that amount. Page 4, a check charged to G. W. Coleman, $100 —

Mr. MORSE. How do you determine that that is an overdraft?

The WITNESS. Oh, the figures on the book show it; that is, there are checks charged to the man's account that overdraw it to that extent.

Mr. NAY. He has testified that Andrews was one of the men that Coleman was financing to some extent.

Mr. MORSE. That is outside the books. But what I want to get at is, from the books themselves, —

The WITNESS. Would you like to see that on the books?

Mr. MORSE. Yes, or I would take your statement of it.

The WITNESS. No; that will explain it to you better.

Mr. MORSE. You had to go back somewhere to find that out, didn't you?

The WITNESS. [*Pointing to an entry on a book.*] It shows right there, that day. Frank A. Andrews had a balance right there of $251.46. [*The master and counsel inspect the entries on the book.*] Page 4 there is a check charged to G. W. Coleman of $100; no balance, extended; it should be overdrawn $83.43, and it increases the shortage that amount, $83.43. On January 21st the balance of Frank A. Andrews Company is extended as $775.26; it should be $635.26, a raise of $140, an increase of that amount. On page 9 the balance of Charles P. Orne is extended as $492.49; it should be $492.47, a raise of 2 cents.

*Q.* 763. Was that an increase? *A.* Yes. On January 22d, the balance of Frank A. Andrews Company was extended as $639.61; it should be $910.91, a difference of $271.30, which is a restoration of that amount.

Mr. BUNKER. That is a drop?

Mr. NAY. Yes, it diminishes the Andrews shortage.

Mr. BUNKER. Is that to be deducted from the total shortage?

The WITNESS. Yes, sir. On page 2 there is a check charged to the Cambridge Auto Company of $35; no balance is extended; it should be overdrawn $30.36, that is equal to an increase in the shortage of that amount. On January 24th the balance of Frank A. Andrews is extended as $850.03; it should be $429.19, a raise of $420.84, and an increase in the shortage. The differences in the balance columns on that day are: Page 1, $5,013.93. Page 2, $2,211.22. Page 3, $11,853.84. Page 4, $14,009.80. Page 5, $59,242.08. Page 6, $21,357.02. Page 7, $7,352.54. Page 8, $23,655.78. Page 9, $3,675.26. Page 10, $6,380.28. Page 11, $767.88. Page 12, $52,036.05. Page 13, $5,900.38. Page 14, $821.73. The footings are not extended on any of the pages. January 25th, page 7, there is a difference in both the check and deposit columns of $125, which offset each other.

*Q.* 764. Now start with the 25th. *A.* January 25th, 1910, on page 1, the balance of Frank A. Andrews Company is extended as $920.03; it should be $780.03, a raise of $140, an increase of that amount in the shortage. On page 4 the balance of Laura L. Davis is extended as $332.44; it should be $132.44, a raise of $200. On page 7 the balance of John A. Holmes & Company is extended as $3,396.51; it should be $2,696.51, a raise of $700, which amount is interlined. On page 8 the balance of the Kissel Kar Company is extended as $1,467.91; it should be $467.91, a raise of $1,000, and an increase in the shortage of that amount. On page 11, the balance of P. H. Riley is extended as $26.43; it should be $126.43, a drop of $100. Page 12, the balance of the Standard Diary Company is extended as $22,412.30; it should be $42,412.30, a drop of $20,000. The differences in the balance columns are: Page 1, $5,153.93. Page 2, $2,211.22. Page 3, $11,853.84. Page 4, $14,209.80. Page 5, $59,242.08. Page 6, $21,357.02. Page 7, $8,052.54. Page 8, $24,655.78. Page 9, $3,675.26. Page 10, $6,980.28. Page 11, $667.88. Page 12, $32,036.05. Page 13, $5,900.38. Page 14, $821.73. The footings were not extended on any of the fourteen pages.

The Master. You mean the final balance footings always, don't you, when you say "the footings"?

The Witness. I mean the footing of the balance column. On January 26 the balance of Frank A. Andrews Company is extended as $930.03; it should be $910.03, a raise of $20, an increase in the shortage. On page 4 a check is charged to the account of G. W. Coleman, $3.45, increasing the shortage that much. On January 27th the balance of Frank A. Andrews Company is extended as $1,032.08; it should be $827.98, a raise of $204.10, and an increase in the shortage of that amount. Page 4, checks charged to the account of G. W. Coleman, $375, which increases the shortage that much. There is no balance before or after. On January 28th, page 9, there is a difference in both the check and deposit columns of $84.94, one offsetting the other.

*Q.* 765. Did you give the footings on the 27th? *A.* There was no footing. On page 1 the balance of Frank A. Andrews Company

is extended as $510.19; it should be $2,574.35, a drop of $2,-064.16, being a restoration. On page 2 there is a check charged to the Cambridge Auto Station, $6, increasing the shortage that much, there being no balance before or after. On page 13 the balance of the Boston Store is extended as $261.63; it should be $361.63, a drop of $100. There is a check charged, but not extended to the total of the check column, and on that day there is a difference —

*Q.* 766. Does that increase the shortage? *A.* No; I should say it did not. There is a difference between the total checks as shown by the individual ledger and those shown on the general ledger of $100.

*Q.* 767. Does that increase it? *A.* No. That accounts for that difference in the Boston Store account; this check was charged there, but not extended to the total check column. On January 29th, page 2, there is a check charged to the Cambridge Auto Station, $25, increasing the shortage that much. Page 4 there is a check charged to G. W. Coleman's account for $800; no balance appearing before or after; increasing the shortage $800. On January 31st, page 4, the total of the deposit column is $2,432.76; it appears on the ledger as $2,217.76, a difference of $215. The total of the check column is $617.45; it appears on the ledger as $602.45, a difference of $15. And there is a check of $200 charged to William Danehy which is not in the footing, but there is $200 in pencil in the —

*Q.* 768. That indicates what as to any increase of shortage? *A.* A $200 increase in the shortage. On page 5 there is a difference in both the check and deposit columns of $83.50, one of which offsets the other. On page 7 the total of the deposit column is $852.65; it appears on the ledger as $720.21, a difference of $132.44. The total of the check column is $825.81; it appears on the ledger as $823.37, a difference of $2.44. And there is a deposit to the credit of Goodwin A. Isenberg of $130, marked with a double cross.

*Q.* 769. Do those entries increase the shortage? *A.* The shortage is increased on that page by $130. On page 11 the total of the

deposit column is $1,027.07; it appears on the ledger as $927.07, a difference of $100; and there is a credit to John E. Ryan of $100, marked with a double cross. This amount would increase the shortage $100.

*Q.* 770. $100? *A.* Yes, sir. On page 13 the total of the deposit column is $653.91; it appears on the ledger as $532.91, a difference of $121. The total of the check column is $658.56; it appears on the ledger as $657.56, a difference of $1. And there are two credits on that page, one to J. Tishler of $70 and one to John T. Webster of $50, both of which are marked with a double cross; and that would indicate an increase in the shortage of $120. On page 14 the total of the deposit column is $395.30; it appears on the ledger as $370.59, a difference of $24.71. And the total of the check column is $265.41; and it appears on the ledger as $190.70, a difference of $74.71. There is a charge to G. F. Whiting & Company of $50, marked with a double cross, and also marked "17 Err."

*Q.* 771. Take the transactions on that page; is the shortage increased; and, if so, how much? *A.* I should say they did not increase it. On page 6 of that day the balance of Lida M. Gould is extended as $59.59; it should be $57.59, a raise of $2. Also the balance of Elias Harlow is extended as $66.09; it should be $66.12, a drop of three cents. There is a difference on this day between the total deposits on the individual ledger and those as shown on the general ledger of $700.

*Q.* 772. Which being the larger? *A.* The deposits on the individual ledger being larger. This I found, by analyzing the work that day, was caused by the credit of interest to various individual accounts. The accounts were credited on the individual ledger in various sums, amounting to $1,503.14, while the amount of interest entered on the general ledger that day was $803.14, a difference of $700.

*Q.* 773. Did that mean an increase? *A.* Yes, that was an increase in the shortage.

*Q.* 774. $700? *A.* $700.

*Q.* 775. Is that the only instance where you find a discrepancy

in the amount of interest credited by Coleman on the depositors' ledger and the amount of interest credited in one sum on Earl's book? A. Yes, sir. I have not completed that day yet. On page 1 the balance of Frank A. Andrews Company is extended as $164.-19; it should be overdrawn $164.19, making a raise of $328.38, and an increase in the shortage of that amount. On page 5 the balance of H. I. Easton is extended as $4.53 overdrawn; it should be $5.53 overdrawn, a raise of $1. That increases the stortage $1. On page 6 the balance of Gale & Stone, Agents, is extended as $1,176.22; it should be overdrawn $823.78, a raise of $2,000. And the balance of H. Ginsberg is extended as $1,040.78; it should be $890.78, a raise of $150; and that is interlined, and marked with a double cross. On page 7 the balance of J. A. Holmes & Company is extended as $1,378.70; it should be $1,228.70, a raise of $150, which is also interlined. And both the Gale & Stone, Agents, account and the Holmes account show an increase in the shortage. In the case of Gale & Stone their previous drop had been $1,000, while this raise was $2,000, making an increase in the shortage of $1,000; and in the case of Holmes the increase in the shortage was $150.

The MASTER. You say they had raised it once $1,000?

The WITNESS. No; they had dropped it once $1,000, and this raised it $2,000.

The MASTER. That was a taking?

The WITNESS. No, not necessarily. It might have been a concealment. He dropped it $1,000, and raised it $2,000, so that that made the increase $1,000 more than the decrease, indicating that something had been charged to that account before that amount. On page 9 the balance of the N. E. A. A. U. is extended as $1,155.-20; it should be $155.20, a raise of $1,000. On page 11 the balance of Lucy J. Russell is extended as $1,688.53; it should be $688.53, a raise of $1,000. Page 12 the balance of Martha C. Smith is extended as $3,221.40; it should be $1,221.40, a raise of $2,000.

Mr. MORSE. Did those make good previous drops from those accounts?

The WITNESS. In the case of Martha C. Smith it did; yes. The balance was dropped in 1909, and this $2,000 is a restoration of the amount that her account was short the 1st of January, 1910. It does not in all cases. Sometimes there is a variation. Sometimes it does not restore as much as the account was short.

The MASTER. Was that an active account on which checks were drawn from time to time, that last one you spoke of?

The WITNESS. Martha C. Smith?

The MASTER. Yes.

The WITNESS. There were not many checks drawn on it. Now, the differences in the balance columns on that day were: Page 1, $3,642.25. Page 2, $2,242.22. Page 3, $11,853.84. Page 4, $15,588.25. Page 5, $59,243.08. Page 6, $23,508.98. Page 7, $8,332.54. Page 8, $24,655.78. Page 9, $4,675.26. Page 10, $6,980.28. Page 11, $1,767.88. Page 12, $34,036.05. Page 13, $5,920.37. Page 14, $771.73. That completes that day.

The MASTER. I was going to ask you, in a case where they drop an account for a large amount, two or three thousand dollars, and a customer should keep on checking against the same, and there should come a time when the checks drawn were larger than the apparent balance they left — do you find cases like that?

The WITNESS. Very often.

The MASTER. How were they treated?

The WITNESS. If you remember, I have testified that certain balances that were extended as so much should have been overdrawn so much. Those were cases. And by extending a credit balance instead of a debit balance he raised the balance; and in a great many cases the raise was on account of a previous drop.

The MASTER. Well, he raised it enough then to meet the drafts?

The WITNESS. Yes, and a little more; that is, if he dropped an account of $1,000, and the balance ran down to less than $100, we will say, and checks came in for $100, he would restore $1,000 of what he had previously dropped, giving him a credit balance of eight or nine hundred dollars.

The MASTER. Then that account would be perfect then?

The WITNESS. It would be so far as that balance was concerned — it would be correct.

*Q.* 776. What do you make the total extra shortage for the month, after giving credit for the two credit items that you have testified to?

The MASTER. That is, what is the net increase in the shortage, the net increase in the shortage for that month of January?

*A.* $27,395.53. So the total shortage at the close of business on January 31, 1910, is $305,669.05.

Mr. MORSE. Mr. Fraser, before we pass from this month, let me ask one question. When you speak of overdrafts, of course you mean what would be overdrafts in case the balances which had been improperly dropped showed the actual account of the depositor; but so far as the depositor is concerned, he had no knowledge of that's being the condition of the account, of course; so that, from his point of view, he was not making an overdraft?

The WITNESS. No, sir.

Mr. MORSE. I only wanted to have it understood that it was not an overdraft in the sense of the customer's knowingly making an overdraft.

The WITNESS. No, sir. The overdraft was caused by the fact that his balance as shown on the books of the bank —

Mr. PILLSBURY. All that you mean is that it was an apparent overdraft on the books.

The MASTER. Yes; it was not a real overdraft.

Mr. NAY. On the books it was a real overdraft.

Mr. MORSE. I understand; but from the customer's point of view he was not making an overdraft.

Mr. NAY. That might be true, except in a few cases,—the Kissel Kar Company and Frank A. Andrews, for example; but as to most cases, Mr. Morse's remark is true.

Mr. MORSE. I meant that when Mr. Fraser used the term "overdraft" he meant it in the sense of being an overdraft against the account as it stood on the book, but not an overdraft from the customer's point of view.

The WITNESS. No, sir.

*Q.* 777. Now go ahead and take February. *A.* February 1st the balance of Frank A. Andrews Company is extended as $280.81; it should be $609.19, or a restoration of $328.38. On page 4 the balance of G. W. Coleman is extended as $110.62 from no balance the previous day, increasing the shortage by that amount. On page 6 the balance of Gale & Stone, Agents, is extended as $1,275.-55; it should be $1,375.55, a drop of $100. The balance of the Grace M. E. Church is extended as $6.44; it should be $6.45, a drop of 1 cent. The balance of E. J. Hall is extended as $186.46; it should be $187.46, a drop of $1.

*Q.* 778. Is that a restoration? Haven't you charged into that account so:.e— *A.* No, I don't think so. I think it is an error. I think at this time these errors that were made from day to day, that have been spoken of as bookkeeper's errors, haven't been taken any notice of at this period, February, 1910. On page 8 the balance of the Kissel Kar Company is $1,872.75; it should be $872.75, a raise of $1,000, and an increase in the shortage. On page 10 a debit balance of Carrie E. Phillips is not extended, $5.21, increasing the shortage that much. That is a case of an actual overdraft, Mr. Morse, where the customer was really overdrawn. The balance was not extended, which was equal to raising the balance that much.

Mr. PILLSBURY. That is a natural overdraft.

Mr. MORSE. What was the amount of his check?

The WITNESS. There was no check. The previous day's balance showed an overdraft of $5.21, and when he extended the balances on this day he didn't extend it, but showed the customer square with the bank. On page 11 the balance of Savage & Company is extended as $349.01, it should be $339.01, a raise of $10, and an increase in the shortage, an increase of $10 in the shortage. On page 12 the balance of Charles H. Smith is extended as $635.09; it should be $5,635.09, a drop of $5,000. The balance of Martha C. Smith is extended as $221.40; it should be $3,221.40, a drop of $3,000. On page 13 the balance of J. Tishler is extended as $4,-030.84; it should be $4,031.84, a drop of $1. On page 7 there is a difference in both the check and deposit columns of $71.92, one

offsetting the other. And on page 14 there is a difference in each column of $20, one of which offsets the other. The differences in the balances on that day are: Page 1, $3,313.87. Page 2, $2,-242.22. Page 3, $11,853.84. Page 4, $15,698.87. Page 5, $59,-243.08. Page 6, $23,407.98. Page 7, $8,332.54. Page 8, $25,-655.78. Page 9, $4,675.26. Page 10, $6,985.49. Page 11, $1,777.88. Page 12, $26,036.05. Page 13, $5,919.37. Page 14, $771.73. The footings were not extended on any of the pages. On February 2d, page 6, the total of his check column is $1,909.79; it appears on the ledger as $1,919.79, a difference of $10, an increase in the shortage of $10.

*Q.* 779. That is another one of $10? *A.* Yes, sir. Page 1, Frank A. Andrews & Company's balance is extended as $13.94; it should be overdrawn $13.94, a raise of $27.88, increasing the shortage that much. On page 2 a check is charged to the Cambridge Auto Station for $5.50, which increases the shortage that much.

Mr. MORSE. How does that increase the shortage?

The WITNESS. Because they had no balance.

Mr. MORSE. Well, who drew the check? This Cambridge Auto Company?

The WITNESS. I presume so. There is no way of telling from the books; a case where the balance had been previously dropped out.

Mr. MORSE. Nothing to indicate that Coleman had it?

The WITNESS. No, sir.

Mr. MORSE. You mean simply that that amount was overpaid by the bank?

The WITNESS. Yes; that amount was charged to that account, and they had no balance to charge it to.

Mr. MORSE. An ordinary case of overdraft. I mean to say that there is nothing about the overdraft that has to do with Coleman's fraud, so far as you see any connection?

The WITNESS. Yes, because he had no right to charge the check there when the company had no funds in the bank.

Mr. MORSE. Yes, but it was not for his personal benefit.

The WITNESS. No, I shouldn't think he—

Mr. NAY. No evidence one way or the other on that.

Mr. MORSE. I suppose that it is not an unusual thing for a cashier to honor a check for $10 for a customer of the bank, even though it is an overdraft.

The WITNESS. Unusual to honor a number of checks against an account where there is no balance at all.

Mr. MORSE. Had this concern an account at the bank there?

The WITNESS. Yes, sir. If their balance at the last time it was extended was less than the check that came in on the next day, the balance should have been carried forward as an overdraft, and then these checks, as they were paid, would increase that overdraft. But there is nothing that shows on the account at all.

Mr. MORSE. I am not suggesting that it is a proper thing to do. I am only trying to see what connection there is between this action and the fraud of Coleman.

Mr. NAY. Let me ask this question, then:

*Q.* 780. If it was the case of a bank honoring a customer's overdraft, whether or not it would have appeared as a further charge, increasing the red ink balance of that customer? *A.* It would; yes, sir.

*Q.* 781. Did it so appear? *A.* It did not. You asked if this would affect Coleman's stealing. That I don't know, because I don't know what his relations were with the Cambridge Auto Company. He may have had an understanding with them.

Mr. MORSE. But there is nothing in the books before you to indicate that?

The WITNESS. No, sir, On page 14 the balance of George G. Wright is extended as $997.62; it should be $987.62, a raise of $10 and an increase in the shortage. February 3d the balance of Frank A. Andrews Company is extended as $318.19; it should be overdrawn $290.31, a raise of $608.50, increasing the shortage by that amount. On page 2 there are checks charged to the Cambridge Auto Station of $30 and $8.50, a total of $38.50, no balance appearing on the account the day before, and increasing the shortage by that amount. Page 4, the balance of Cunningham Brothers is extended as $219.70; it should be $229.70, a drop of $10. On

page 9 the balance of the N. E. A. A. U. is extended as $1,179.97; it should be $1,179.95, a raise of 2 cents and an increase in the shortage of 2 cents. On page 10 the Prudential Insurance Company balance is extended as $1,459.62; it should be $1,559.62, a drop of $100.

The MASTER. A fresh taking?

The WITNESS. No; that conceals part of the shortage by dropping their balance. February 4th the balance of Frank A. Andrews Company is extended as $281.49; it should be extended as $354.89. a drop or restoration of $73.40. On page 6 the account of the Grace M. E. Church is charged a check of $72.10; the balance is not extended, but it should show an overdraft of $30.71, increasing the shortage that much.

*Q.* 782. $30.71? *A.* Yes, sir. On page 8 the balance of F. A. Kennedy is extended as $4,511; it should be $5,511, a drop of $1,000. It has been testified that a check was given to Brady on the day preceding this for $3,000.

Mr. MORSE. Now, one moment. That last statement of yours, I suppose, refers to some testimony that has been given in this case?

The WITNESS. Yes, sir.

*Q.* 783. Was that $3,000 a fresh shortage? *A.* There was no $3,000 shortage that day. I said that it had been testified that a check had been given to Brady the day before, and I think that it has been testified that that check was marked Kissel Kar Company.

*Q.* 784. Oh, yes. All right. *A.* February 5th the balance of Frank A. Andrews Company is extended as $421.49; it should be $141.49, a raise of $280, an increase in the shortage. On February 7th, page 5, the total of the check column is $344.44; it appears on the ledger as $1,344.44, a difference of $1,000, and an increase in the shortage of that amount. On page 1 the balance of Frank A. Andrews Company is extended as $546.49; it should be $296.49, a raise of $250, an increase in the shortage of that amount. On page 2 there is a check charged to the Cambridge Auto Station of $4.10, increasing the shortage that much. On page 4 the balance of Mrs. J. W. Collins is extended as $68.27; it should be overdrawn $241.73, making a raise of $310. And I

looked back on that account for the fourth day of February, and I found a check of $310 charged to the account.

*Q.* 785. So that increases the shortage $310? *A.* Yes, that increases the shortage. The check was charged on the 4th of February. On page 5 the balance of F. L. Earl was overdrawn 23 cents, and not extended. I think that that was afterwards corrected, so I won't call it an increase. On page 6 the balance of H. Ginsberg is extended as $1,419.16; it should be $1,519.16, a drop of $100. On page 7 the balance of David Heath is extended as $117.24; it should be $117.04, a raise of 20 cents and an increase in the shortage of 20 cents. It has been testified that on February 5th there was a check given to J. Thomas Reinhardt for $1,000—

Mr. MORSE. If you have in mind whose testimony you refer to, it would be a convenience if you will give the name of the witness.

The WITNESS. I should say Coleman's testimony.

Mr. NAY. I think Coleman and Van Blarcom both testified on those items.

The WITNESS. The difference in the balance columns on that day is: Page 1, $4,406.85. Page 2, $2,290.32. Page 3, $11,853.84. Page 4, $15,998.87. Page 5, $60,243.31. Page 6, $23,348.69. Page 7, $8,332.74. Page 8, $24,655.78. Page 9, $4,675.28. Page 10, $6,885.49. Page 11, $1,777.88. Page 12, $26,036.05. Page 13, $5,919.37. Page 14, $781.73. The footings were not extended on any of the pages. On February 8th, page 1, the balance of Kate P. Andrews, $9,000, is not extended. The balance of Charlotte E. Bannister, $500, is not extended. This is a new account, and that was the amount of the first deposit made. The balance of Emilo Barratta is extended as $36.46; it should be $636.46, a drop of $600. The balance of Eugene Barratta, 1st, is extended as $10.27; it should be $1,010.27, a drop of $1,000. The balance of Giovanni Barratta is extended as $37.15; it should be $537.15, a drop of $500. The balance of E. K. Berry is extended as $59.26; it should be $759.26, a drop of $700. There is a check charged to the Cambridge Auto Station of $5.50, increasing the shortage that much. On page 3 the balance of George E. Carter, Trustee Estate George P., is extended as $425.79; it should be $1,425.79, a drop

of $1,000. The balance of Marion Louise Chamberlain is extended as $88.11; it should be $288.11, a drop of $200. The balance of Hiram L. Chase is extended as $11.88; it should be $811.88, a drop of $800. On page 4 the balance of Claverly Hall is extended as $127.63; it should be $2,127.63, a drop of $2,000. Page 5, the balance of Harry F. R. Dolan is extended as $715; it should be $2,715, a drop of $2,000. The balance of Albert R. Ellison is extended as $552.55; it should be $1,552.55, a drop of $1,000. The balance of Martha Stratton Ensign is extended as $95.43; it should be $495.43, a drop of $400. Page 6 the balance of George W. Gale is extended as $3,975.16; it should be $5,975.16, a drop of $2,000. The balance of Gale & Stone, Agents, is extended as $692.10; it should be $4,692.10, a drop of $4,000. The balance of Samuel T. Garfield is extended as $296.22; it should be $1,296.22, a drop of $1,000. The balance of I. W. Gillespie is extended as $86.74; it should be $586.74, a drop of $500. The balance of Ella E. Graves is extended as $52.22; it should be $852.22, a drop of $800. The balance of Horace J. Gray is extended as $87.70; it should be $687.70, a drop of $600. The balance of Horace J. Gray, Special, is extended as $72.26; it should be $372.26, a drop of $300. The balance of Lucy Hall Greenlaw is extended as $92.65; it should be $692.65, a drop of $600. The balance of Richard Hapgood is extended as $111.63; it should be $1,111.63, a drop of $1,000. Page 7, the balance of Hisgen Brothers is extended as $195.61; it should be $266.52, a drop of $70.91. The balance of The Holy Ghost Hospital is extended as $1,458.81; it should be $5,458.81, a drop of $4,000. The balance of The Hospital Aid Society is extended as $659.09; it should be $4,659.09, a drop of $4,000. The balance of Alice B. Howe, Executrix, is extended as $588.87; it should be $2,588.87, a drop of $2,000. Page 8, the balance of Ella A. Jones is extended as $21.04; it should be $1,021.04, a drop of $1,000. The balance of F. A. Kennedy is extended as $3,511; it should be $4,511, a drop of $1,000. The balance of J. E. Kimball is extended as $1,147.04; it should be $3,147.04, a drop of $2,000. The balance of the La Pierre Drug Company is extended as $745.91; it should be $1,745.91, a drop

of $1,000. The balance of Joseph S. Lockhart, Guardian, is extended as $87.55; it should be $487.55, a drop of $400. The balance of Lucy O. Lockhart is extended as $907.40; it should be $1,907.40, a drop of $1,000. The balance of Eugene R. Luke is extended as $67.35; it should be $2,067.35, a drop of $2,000. The balance of J. F. Lane, Trustee (probably), under the will of A. M. Lane, $1,000, not extended, equal to a drop of $1,000. On page 9 the balance of W. J. McCoy is extended as $1,833.88; it should be $3,833.88, a drop of $2,000. The balance of William P. McKenzie is extended as $24.95; it should be $824.95, a drop of $800. The balance of W. H. D. Meier (spelled Mercer), $1,000, not extended, equal to a drop of $1,000. That name is spelled in this case on the book M-e-r-c-e-r, but it previously appears Meier. The balance of the N. E. A. A. U. is extended as $220.62; it should be $1,220.62, a drop of $1,000. The balance of H. E. McGoldrich & Sons Company is extended as $3,321.17; it should be $321.17, a rise of $3,000. On page 10 the balance of L. A. Pease is extended as $64.12; it should be $564.12, a drop of $500. The balance of G. A. A. Pevey is extended as $73.84; it should be $973.84, a drop of $900. The balance of G. A. A. Pevey, Trustee M. R. Story, is extended as $977.41; it should be $1,977.41, a drop of $1,000. The balance of Charles E. Pierce is extended as $241.91; it should be $2,241.91, a drop of $2,000. The balance of Charles L. Pike is extended as $71.62; it should be $971.62, a drop of $900. The balance of the Prospect Union is extended as $885.70; it should be $2,885.70, a drop of $2,000. On page 11 the balance of F. W. & E. H. Rogers is extended as $5,368.13; it should be $7,368.13, a drop of $2,000. The balance of Lucy J. Russell is extended as $861.38; it should be $1,861.38, a drop of $1,000. The balance of Minnie D. Seaverns is extended as $467.40; it should be $1,467.40, a drop of $1,000. On page 12 the balance of Moses Smith is extended as $19.03; it should be $1,019.03, a drop of $1,000. The balance of Hugh Stewart, Personal, is extended as $901.51; it should be $1,901.51, a drop of $1,000. On page 13 the balance of Henry Thayer & Company was extended as $2,346.79; it should be $7,346.79, a drop of $5,000. The balance

of J. Tishler is extended as $4,740.78; it should be $3,740.78, a raise of $1,000. The balance of William E. Tupper, Special, is extended as $560; it should be $1,560, a drop of $1,000. Page 14 the balance of Roswell Wetherbee is extended as $239.12; it should be $739.12, a drop of $500. The balance of Edwin A. Yandell is extended as $22.77; it should be $922.77, a drop of $900. The differences in the balance columns are: On page 1, $7,893.15. Page 2, $2,295.82. Page 3, $9,853.84. Page 4, $13,998.87. Page 5, $56,843.08. Page 6, $12,548.69. Page 7, $1,738.17. Page 8, $15,255.78. Page 9, $2,875.28. Page 10, $414.51. Page 11, $2,222.12. Page 12, $24,036.05. On page 13, $919.37. Page 14, $618.27.

Mr. DEAN. Were the balances carried forward that day, or are those your balances?

The WITNESS. Those are the differences between my balances and what they should have been. They were not extended that day. I mean to say what they should have shown had they been extended. They were not extended.

Mr. MORSE. These figures that you have been giving us are the differences, as I understand, are they not?

The WITNESS. The differences between the correct addition of the balance column and the addition that would have appeared at the foot of the balance column had they been extended.

Mr. BUNKER. And had they been extended correctly from the time you began to make your computations?

The WITNESS. Well, I said according to the figures on the book — yes, of course, correctly according to those figures.

Mr. BUNKER. But not necessarily had they been extended from the proper footings of the last balance columns — what I mean to say is, that you started back the 7th of December with your computations, and your footings are all based on the balance column the 7th of December, and have not been revised by his balance column since that time.

The WITNESS. Yes.

Mr. BUNKER. So that the differences that you testify to are the differences between a balance column based on the 7th of Decem-

ber, to which you have added the total deposits, and subtracted the total checks, as shown on the footings, and are not the differences that would have been arrived at if the previous balance column had been footed, and then the checks deducted and the deposits added; that is to say, there has been no correction whatever since the 7th of December in your figures for any other figures on the books?

The WITNESS. I am not sure that I get your meaning clearly, but I will say this, that if the balances had been extended from — you say December 7th?

Mr. BUNKER. I think that is the date when you started.

The WITNESS. Had they been extended each day, this difference would have appeared between that amount and the correct addition of the column.

*Q.* 786. Let me make sure that I understand one thing. Do you mean that in going forward you have taken the figures all up and down the column as regards deposits and total checks, or that you have taken simply the footings of those columns, Coleman's figures? *A.* Simply taken the figures as they appear on the book, and made the extensions myself on a separate piece of paper, as they should have been made on the book, according to the figures that appear there.

*Q.* 787. So that if any person checking off these books had taken this date back in December, and taken those footings, and then gone on and added the deposits as per the figures in the footing, and deducted the total checks as per the figures in the footing of that column, he would then have reached what you call now a correct result? *A.* Not a correct result. He would have reached —

*Q.* 788. Not a correct result as regards actual facts, but he would have reached one of the results which you have here, and which you compared with what the figures as added on this particular date show? *A.* Yes.

*Q.* 789. Yes. I think that is clear. I thought we made that pretty clear this morning. *A.* I think I omitted to testify that on the 8th of February, in regard to the raise in the balance of J. Tishler of $1,000, that increased the shortage, no previous drop having appeared on that account. On February 9th, page 5, the

balance of Wellington Fillmore is extended as $448.08; it should be $448.09, a drop of 1 cent. Page 14, the balance of George Young is extended as [illegible]?.24; it should be $312.24, a drop of $100. On February 10, page 4, the balance of G. W. Coleman is extended as $189.67; it should be $89.67, a raise of $100 and an increase in the shortage. The balance of E. A. Duvernois is extended as $53.39; it should be $43.39, a raise of $10, and an increase in the shortage. On page 12 the balance of William B. Somers is extended as $62.21; it should be $42.21, an increase in the shortage of $20. February 11th, page 4, the total of the check column is $1,017.21; it appears on the ledger as $1,417.21, a difference of $400; an increase in the shortage of that amount. Page 6, the balance of Gale & Stone, Agents, is extended as $493.90; it should be overdrawn $506.10, a raise of $1,000. On page 13, the balance of Lazarus A. Tafralian is extended as $394.66; it should be $394.64, a raise of 2 cents, increasing the shortage 2 cents. On February 12th, page 1, the balance of Frank A. Andrews Company is extended as $517.63; it should be $507.63, a raise of $10, an increase in the shortage. Page 3, the balance of George B. Caswell is extended as $252.64; it should be $352.64, a drop of $100. On page 6 the balance of the George W. Gale Lumber Company is extended as $6,391.54; it should be $8,391.54, a drop of $2,000. On page 8 the balance of the Prudential Insurance Company is extended as $3,051.16; it should be $3,050.16, a raise of $1, an increase in the shortage. And on the same page the balance of the Kissel Kar Company is extended as $539.93; it should be overdrawn $160.07, a raise of $700, and an increase in the shortage. Page 9, the balance of the National Butter Company is extended as $297.21; it should be $327.21, a drop of $30. There is also a difference between the total of the counter checks as shown by the general ledger compared with that of the individual ledger of $500.

Mr. BUNKER. Which was the most?

The WITNESS. Oh, the general ledger is more. And I have noted the fact that Coleman's work on the general ledger that day shows a check of $500 which is not on the individual ledger. Coleman evidently was not on the individual ledger that day.

Mr. BUNKER. Is the general ledger in his handwriting on that day?

The WITNESS. I should judge so, according to that.

Mr. NAY. Finish up that day. It looks as if this book of Earl's on Saturday, February 12th, is in Coleman's writing. He testified something about Earl being sick and out a day or two. That may have been the time.

The WITNESS. That increases the shortage.

*Q.* 790. How much? $500 was it? *A.* Yes. That is all on that day.

Mr. BUNKER. $6,045.98 shortage for this month; that is the net for the month.

*Q.* 791. Mr. Fraser, you may go on from the point you reached yesterday, and give us the details. *A.* The next is February 14th. On page 3 the balance of Hiram L. Chase is extended as $17.69; it should be $7.69, a raise of $10. That was not an increase. The balance of Thomas Charak was extended as $1,049.41; it should be $1,050.41, a drop of $1. The balance of Marion Louise Chamberlain is extended as $73.81; it should be $83.81, a drop of $10. On page 4 the balance of G. W. Coleman, $60.72, is not extended, which is equal to a restoration of that amount. On page 5 the balance of Harry F. R. Dolan is extended as $270.20; it should be $729.80 overdrawn, a raise of $1,000. On page 6 the balance —

*Q.* 792. Is that a fresh taking? *A.* No, sir. The balance of the Grace M. E. Church of $10.77 is not extended. Also the balance of E. J. Hall, an overdraft of $71.02, is not extended. The balance of Ella E. Graves is extended as $52.23; it should be $52.22, a raise of 1 cent. In the case of the Hall account it increases the shortage $71.02. On page 8 the balance of George A. Kimball is extended as $34.47; it should be $44.47, a drop of $10. The balance of J. E. Kimball is extended as $1,473.93; it should be $473.93, a raise of $1,000. On page 9 the balance of H. E. McGoldrich & Sons Company is extended as $3,588.13; it should be $2,588.13, a raise of $1,000. The difference in the balance columns on page 1 is $7,883.15. Page 2, $2,295.82. Page 3, $9,752.84. Page 4, $14,438.15. Page 5, $57,853.07. Page 6, $11,-

608.95. Page 7, $1,738.17. Page 8, $16,945.78. Page 9, $3,845.28. Page 10, $413.51. Page 11, $2,222.12. Page 12, $24,056.05. Page 13, $919.39. Page 14, $718.27. The extensions are not made on any of the fourteen pages. On February 15th, page 1, the balance of Fred A. Barber is extended as $242.81; it should be $241.81, a raise of $1. The balance of E. K. Berry is extended as $114.26; it should be $14.26, a raise of $100. On page 2 there is a check charged to the Cambridge Auto Station of $850 which increases the shortage by that amount. Also on page 4 a check charged to the account of G. W. Coleman, $86.13, which increases the shortage that much. On page 5 the balance of Harry F. R. Dolan is extended as $1,246.44; it should be $246.44, a rise of $1,000; on page 6 there is a check charged to the account of E. J. Hall for $2, which increases the shortage, there being no balance the day before or after.

*Q.* 793. E. J. Hall? *A.* E. J. Hall, $2. On page 9 the balance of Samuel Marshall is extended as $2.37; it should be $2.31, a raise of 6 cents. Page 11 the balance of Charles E. Scallan is extended as $232.16; it should be $234.16, a drop of $2. On page 12 the balance of Charles H. Smith is extended as $2,726.81; it should be $726.81, a raise of $2,000. On page 13 the balance of the Boston Store is extended as $192.05; it should be $192.50, a drop of 45 cents. On page 14 the balance of George G. Wright is extended as $826.57; it should be $526.57, a raise of $300 and an increase in the shortage of that amount. The differences in the balance columns are: Page 1, $7,782.15. Page 2, $2,304.32. Page 3, $9,752.84. Page 4, $14,524.28. Page 5, $58,853.07. Page 6, $11,610.95. Page 7, $1,738.17. Page 8, $16,945.78. Page 9, $3,845.34. Page 10, $413.51. Page 11, $2,224.12. Page 12, $26,056.05. Page 13, $918.94. Page 14, $418.27. The footings are not extended on any of the pages. On February 16th there is nothing. On February 17th, page 4, there is a check charged to G. W. Coleman for $20, no balance appearing to his credit, increasing the shortage that much. On February 18th there is nothing. February 19th, nothing. February 21st, nothing.

Mr. NAY. Coleman was away at that time.

*Q.* 794. What do you make, then, the increase in the shortage from February 1st down to the time the bank closed? *A.* $6,473.97.

*Q.* 795. That makes the total shortage, adding that amount to the shortage on January 31st how much? *A.* $310,143.02.

*Q.* 796. It appears, Mr. Fraser, from the minutes of the directors' meetings, that directors' meetings were held on Mondays. That is correct, I think? *A.* Yes.

*Q.* 797. Whether or not you find on the books any diminishing of the number of errors on days when directors' meetings were held, as compared with a day or two before or a day or two after? *A.* I do not.

*Q.* 797*a*. You have testified that prior to December 1, 1906, there was a theft by Coleman of $1,005,—that is right, isn't it? *A.* No, not prior to December 1st. Part of it was in December.

*Q.* 798. There is testimony in the case that in the latter part of 1906 Coleman took certain money from the National City Bank, and wrongfully charged in a check or checks to the Standard Action Company. Will you state whether, with such an item or items wrongly charged in to that account, it was or was not possible to detect a shortage by comparison of Coleman's depositors' ledger with the general ledger? *A.* It would not.

*Q.* 799. Whether a time ever came when, on those two books, the items of the total amount due depositors varied? *A.* My answer to that, as I understand it, is that a time did come, and that that time would be the 31st of January, 1907.

*Q.* 800. I put before you Exhibit 59, the general ledger for 1907, and ask how the total deposit item appears on the general ledger? *A.* $334,981.73.

*Q.* 801. Did Mr. Coleman make any footing of the day's business?

Mr. MORSE. Showing the total deposits, you mean?

Mr. NAY. Showing the total balances due depositors on that day.

*A.* He did not.

Mr. NAY. Will you state what the amount due depositors from the National City Bank was from the figures on Coleman's depositors' ledger at the conclusion of business January 31, 1907, upon a correct addition of the total balance columns of each of the twelve pages of that book? *A.* $335,986.91.

## CLERK'S CERTIFICATE.

UNITED STATES OF AMERICA,
DISTRICT OF MASSACHUSETTS, ss.

I, William Nelson, Clerk of the District Court of the United States, for the District of Massachusetts, certify that the three volumes, entitled as follows,

VOLUME I., Pleadings and Testimony before Master, Part One;
VOLUME II., Testimony before Master, Part Two;
VOLUME III., Testimony before Master, Part Three, and Exhibits;

(the same certificate being attached to each of said volumes) are true copies of the record which the parties have agreed shall constitute the record on appeal in the cause in equity entitled,

No. 227.

JOHN L. BATES, RECEIVER,
OF THE NATIONAL CITY BANK OF CAMBRIDGE, MASS., PLAINTIFF,

*v.*

EDWIN DRESSER ET AL., DEFENDANTS,

in said District Court determined, and also the original Citations issued upon the appeals of Sumner Dresser, as Administrator of Estate of Edwin Dresser, one of the defendants; of George W. Gale, Sumner Dresser and David A. Barber, and of Clarence Alfred Bunker and John D. Hardy, Administrators *c. t. a.* Estate of George E. Richardson, with the Acknowledgments of Service thereof.

In testimony whereof, I hereunto set my hand and affix the seal of said District Court, at Boston, in said district, this twentieth day of December, A.D. 1916.

[SEAL] WILLIAM NELSON, *Clerk.*

*Clerk's Certificate.*

I, Arthur I. Charron, Clerk of the United States Circuit Court of Appeals for the First Circuit, certify that the four volumes, entitled as follows:—

Volume I. Pleadings and Testimony before Master, Part 1;
Volume II. Testimony before Master, Part 2;
Volume III. Testimony before Master, Part 3, and Exhibits;
Volume IV. Proceedings in Circuit Court of Appeals;

(this same certificate being attached to each of said volumes) contain and are a true copy of the record and all proceedings of the said Circuit Court of Appeals in the causes entitled,

No. 1265.

SUMNER DRESSER, Administrator, Defendant, Appellant,

v.

JOHN L. BATES, Receiver, Plaintiff, Appellee.

No. 1266.

GEORGE W. GALE et al., Defendant-, Appellant-,

v.

JOHN L. BATES, Receiver, Plaintiff, Appellee.

No. 1267.

CLARENCE ALFRED BUNKER et al., Administrators, Defendants, Appellants,

v.

JOHN L. BATES, Receiver, Plaintiff, Appellee.

in said Circuit Court of Appeals determined, the Petitions for Appeal, the Assignments of Error, the Bonds on Appeal and also the original citations issued upon the appeals of Sumner Dresser, Administrator, Defendant, Appellant, and John L. Bates, Receiver, Plaintiff, Appellee, in said causes with acknowledgments of service thereon.

In testimony whereof, I hereunto set my hand and affix the seal of said United States Circuit Court of Appeals for the First Circuit, at Boston, in said First Circuit, this fourteenth day of June, A. D. 1918.

[Seal United States Circuit Court of Appeals, First Circuit.]

ARTHUR I. CHARRON,
*Clerk.*